## SHORT DURATION DISCUSSION

### Working of UTI with special reference to freeze *on* Sale and Repurchase of US-64 and failure of Government to take timely action

SHRI V.V. RAGHAVAN (Kerala): Respected Madam, the biggest tragedy, after the last session, is that the 20 million unit-holders of the US-64 Scheme are in doldrums. Twenty million common people, who have subscribed to the US-64 Scheme of the UTI, have been cheated miserably. 7"he UTI Loots, the never-ending Stock Exchange scams and the systematic and liberalised methods of corruption at high levels - all these things have led this nation to a boiling point. The story of cheating by the UTI is like the story of the fence eating up the crop, The proverb goes like that. It is the fence that is supposed to protect the crop. But the fence itself is eating up the crop. And who is there to save the country? In short, that is what is happening in the UTI. The steps that the Government has declared are not at all going to serve the small unit-holders. This is again a hoax. When the US-64 Scheme was started, what was the promise given? What was the guarantee given by the UTI? What was the guarantee given by the Government of India? The unit-holders were assured a very fair and a good dividend. They said that, sometimes, it would go up to 20 per cent of the net asset value of the unit. That is what they said. What is the promise now? You promise a net asset value of Rs. 10 from 1st August, 2001. What was your promise and where are we now? What crime have these unit-holders done to deserve this type of cheating? Where has their money gone? Why was the sale and repurchase stopped all of a sudden? There must be some explanation. You owe some explanation to the 20 million unit-holders of this country. You are very responsible people. The steps that are just now described, in the name of safeguarding the interests of the small investors, are nothing but, I say again, a hoax. They will not be satisfied with these things. The House will not be satisfied with these things. The country will not be satisfied with these things. They deserve an explanation from you. Where has their money gone? Why has this tragedy happened? Who is responsible for it? That is the main question that you have to answer. That is not answered at all.

The Finance Minister says , "An inquiry is going on." Everybody knows as to how jnany inquiries have been conducted and how many reports have been submitted to the Government. Have you taken any action till now on these financial activities and other scams? Nothing has been done. So, people are not satisfied with inquiries. They know what an

inquiry means. They want their money and the guaranteed profit. That is the demand of the people which they are putting forward. You have to fulfil this demand. Mr. Finance Minister, it is high time that you turned the torch towards yourself. Nobody in the country believes that you and the Finance Ministry were not aware of the UTI loot going on for so long a time. You have stated in public that you were unaware of what was going on in the UTI. Is it true? Let me remind you one thing. When the last Session was in progress, once again the Stock Exchange scam erupted. There was a Calling Attention Motion in this regard. I also participated in that discussion. I directly put it to you that the UTI money was being made available to the cheating brokers. I directly put it to you that the UTI money was being made available to the cheating brokers like Ketan Parekh and others. There is an RBI representative in the UTI. The RBI and the Ministry of Finance are functioning very closely. When I put it to you, you flatly and vehemently denied it -- this is on record -- and stated that no UTI money was being made available to the brokers. When this, was going on in Mumbai, when the money was being given to the brokers, when the money was being given to fake companies, in reply to a direct question, you stated that the UTI money was not at all being made available to any of these brokers. This is on record. How could you flatly and vehemently deny it when this kind of loot was going on in Mumbai under your own nose? The country does not believe that all this loot was done without your knowledge or without the knowledge of the Finance Ministry. Take the case of Cyberspace Infosys Company, Lucknow. What has happened there? The PMO has washed off its hands by making a public statement. That will be discussed elsewhere. When this specific company in Lucknow was looting the Bank of India, the City Cooperative Bank of Lucknow and hundreds of shareholders of the company and when the looting was going on for so many months... About two hundred crores of rupees were looted in Lucknow itself from the Bank of India, from the Co-operative Bank, from the Government shareholders. You did not know that! Is it that the Ministry of Finance did not know about all these goings? When this company approached the UTI for subscription, the UTI denied it on very reasonable grounds. And, after the UTI denied their request, within four days, at a wonderful speed, the deal was through. How and why was this got through? Who is responsible for it? The CBI's FIR says that extraneous influence had played in these dealings. Whose extraneous influence was this, none other than you? It is of the Ministry of Finance. Who-else would Mr. Gopalakrishnan obey? Whom would the trustees of the UTI obey, other

than you? If it is not you, then, the PMO has intervened. This is quite clear. It is obvious. If it is the PMO or it is the Ministry of Finance or it is you, you have to answer this country and this House as to how this looting was allowed to a bogus company in Lucknow? Holding an inquiry is not an answer. We want an answer from you...

SHRI B.P. SINGHAL (Uttar Pradesh): Is he asking you, Madam? *...interruptions)...* He is supposed to address the Chair.

THE DEPUTY CHAIRMAN: Never mind. Let him ask whoever he wants.

SHBI V.V. RAGHAVAN: There is an inquiry going on. But as I said before, going by past experiences, we are not satisfied with inquiries. Scams are going on. Loots are going on. Corruption at a higher level is going on. ^ How many scams and how many types of loot have taken place? There must be some check on this. This august House should be alert on this point. How many Ketan Parekhs are there? How many bogus companies have utilised the UTI funds? The Futurist, a Haryana company, again is a bogus one. So many companies have looted the money. Is it all being done without your knowledge? When the shares of big corporate houses were going down in the share market, who asked the UTI to intervene?

THE DEPUTY CHAIRMAN: Excuse me, Mr. Raghavan...

SHRI V.V. RAGHAVAN: I am the mover of this...

THE DEPUTY CHAIRMAN: The 'mover' part comes in the question of Calling Attention Motion where the mover gets 20 minutes. But, here, we have got two-and-a-half hours, and according to time allowed to your party, you have got four minutes. So, please conclude.

SHRI V.V. RAGHAVAN: One more point and then I will conclude.When the shares of big corporate houses were going down, the UTI invested in them. The money was invested in these corporate houses in order to save them! Why was the poor man's money invested in corporate houses? Sir, you have decided the small unit holders to give their net asset value. But when this crisis was going on, in April-May, you paid the corporate houses more than Rs.4,000 crores. The shares were redeemed at Rs. 14.5 per unit. They redeemed their units. And, when Dr. Bhaltacharya, a cancer patient, approached UTI for redemption, the case was rejected on a flimsy ground. This is going on and, in the meantime, while all the corporate houses have got redeemed their entire units at higher value, you

are giving net asset value to the small unit holders. Why? You have given Rs.4000 crores to the corporate houses during the month of April and May. Knowing that there was this crisis, they all got their units redeemed. Redemption for them was liberal. But when a small unit holder, a pensioner or a cancer patient like Dr. Bhattacharya approached the UTI management for redemption of their units, the UTI rejected it. Can you deny that? This is the kind of mismanagement that has been going on. So, hon. Finance Minister, Sir, it is high time that you own the responsibility for this loot, for this scam and for this mismanagement and quit. The sooner you quit, accepting the moral responsibility of all these scams, the better will it be for you.

DR. MANMOHAN SINGH (Assam): It is with a heavy heart that I rise to speak on this issue of the Unit Trust of India. The health of our financial system has a vital bearing on the overall economic health of our nation and the well-being of our people. And it is most unfortunate that in the last three or four months, three scandals have tarnished the name of India's financial system. Madam, first, there was the scam in the stock markets which came into public notice soon after the presentation of the Budget. Then, we witnessed the spectacle of the CBI sleuths raiding the North Block offices of the highest dignitary of the Central Board of Customs and Excise. We saw scores of Customs officers being brought within the net of CBI's investigation and then we have this debacle in the UTI. Madam, if one reads today's business papers, there are hints that there are other institutions in the public financial system whose health should be a cause for worry. There is a reference today in the *Economic Times,* I believe, to what is happening in the UC. So, for this House and for the country as a whole, the recent developments in our financial system are a cause of deep anguish and deep concern.

Madam, I will be the -last one to say that anybody can design a system which will be free of any scams or crises. We live in a highly uncertain world and decisions ex-ante have to be taken into account taking into account the probabilities of various events and the future being inherently uncertain, it is quite possible that some decisions taken in good faith way turn out to be bad and in appraising our public systems and public administration, therefore, we must not lose sight of this world of uncertainty with which we have to cope. When I was a student some forty years ago in England, I recall a Lecture by Sir Paul Chambers who was then the Chairman of the Imperial Chemicals Industry. He came and gave us a

lecture on the qualities of a good manager. And his theme was, "managing in a world of uncertainty." And he said, "In this uncertain world that we live in, of the ten decisions that I take, if five turn out to be okay, well, that would be considered a job reasonably well done. If seven out of ten, turn out to be right ex post, that will be considered a first-rate performance." But, Madam, we have, in our country, in our public system, public sector and public administration, a system where you may be right in nine out of ten cases, but if you make a mistake in one case, you can be hanged. I think this system is not conducive to our people, our administrators, and our public sector managers taking the bold decisions that they ought to take. So, while we criticise an institution or an individual entity, I think, we must ensure that we bear in mind that we don't penalise those who took decisions in good faith, but, because of the inherent uncertainties of the future, some of those decisions turn out ex post to be not justified. Therefore, I am not the one who is going to say that every time a thing goes wrong, you must hang the person. The Finance Minister has appointed a Committee to look into the investments of the UTI. He has also brought in the CBI; and the Chairman and the two Executive Directors of the UTI have been put behind the bars. Well, I am not in favour of protecting any wrongdoing, but I must submit that the Unit Trust of India is not an ordinary institution. It is a major barometer of the health of our financial system. There are large externalities associated with the functioning of the UTI. Apart from the fact that it has two crore investors, and if we assume that each investor has five members in his family, we are talking about the interests of ten crore of our people. Also, we know that the Unit Trust of India accounts for nearly 65 to 70 per cent of the total business in the mutual fund industry, and the United Trust of India is also an investor in a number of enterprises. Its working or malfunctioning has a vital bearing - though it has diminished over time — on the functioning of our stock market. Therefore, when you have actuation where the Chairman and the two Executive Directors of the institution are accused of wrong-doing, they are behind the bars, it sends a signal not only in our country, but also all over the world, that something is wrong with the health of our financial system.

Therefore, Madam, it is time we apply our mind to what can be done to set things right. Wrong-doing must be punished. But the system reforms must also be given priority attention. This is one aspect which is often lost sight of in our public policy-making, in our system of public administration.

Madam, it is for the second time in three years that the Unit Trust of India has faced a situation where its reserves became negative, where we find that its net asset value of investment in US-64 scheme is lower than the repurchase price. From this, for the Unit-Trust management, to go to the extraordinary step of stopping the repurchase and sale, in many ways, was an act of breach of faith with the two crore investors. Right or wrong, these investors have come to believe, over the years, that the Unit Trust of India, particularly the US-64 scheme, offers an asset which has the advantage of high liquidity, a reasonably high rate of return and a reasonable amount of capital appreciation associated with it. Liquidity was one of the most important characteristics of the US-64 scheme. Indeed, if one reads the Vision Statement of the Unit Trust of India, the first line states the basic objective: "To meet the investors' diverse income and liquidity needs." In this background, the suspension of repurchase and sale of units is something which goes against the very basic mandate of the Unit Trust of India.

Madam, why the situation has come about? I do recognise that there were factors beyond the control of the management of the Unit Trust of India. For example, the interest rates in the last couple of months have declined by about 2.5% to 3.00%. Normally the case all over the world is that, when interest rates decline, the equity prices go up; but, in our country, partly because of international linkages, what is happening in the world stock markets, and partly because of the recent scam in our own stock market, the equity prices have also remained depressed. So, this is a double haemorrhage for the UTI-lower interest income and lower valuation of its equity portfolio. This is possibly a factor which the Unit Trust of India management had no control. But, according to newspapers, several other factors were also at work. In this context, mention has been made of certain investments which were highly questionable *ab initio.* These investment decisions, if newspaper reports are to be believed should not have taken place, in the very first instance. A reference has been made to a questionable investment in the Johri Brothers' activities, the Cyberspace activities. There were also certain other enterprises whose credentials, on the face of it, looked to be suspicious, but were favoured.

Then, there has been the whole issue of what happened during the bull ride, the vamping of the stock market by Ketan Parekh and his allies and the role of the UTI. Then, when the downturn came, it has been alleged

that the Unit Trust of India was busy helping Ketan Parekh Associates and firms associated with him, while those firms themselves were getting out of the mess that they had got into.

Madam, this is a matter which requires a deep investigation and I do hope that the Committee, which the hon. Finance Minister has appointed, will bring out the truth as to how far it was a deliberate act of mismanagement and it was simply the events overtaking the management of the UTI that they did not have the foresight to anticipate the way markets would move or the way interest rates would move. But, Madam, there is one aspect which I respectfully submit to the hon. Finance Minister. The responsibility of the Finance Ministry in this case has not been exercised in the manner in which it ought to have been exercised. The Government of India came to the rescue of the Unit Trust of India in 1998 and I do believe that the hon. Finance Minister acted rightly then because he realised that the Unit Trust of India was not an ordinary institution, that if the Unit Trust of India failed, it would send many wrong signals about the health of the Indian financial system. It is not only in India that financial scandals take place. Two years ago, in America a private hedge fund, the long-term Credit Management, I think, was caught into a similar situation. It was purely a private hedge fund, but the Federal Reserve Bank came to its rescue because the Federal Reserve Bank system felt that if the long-term credit management failed, it would have ripples all over the financial system. In the 1980s, there was a Savings and Loans Associations scandal in the United States and the US Congress had to bail out those Associations at the cost of the exchequer to the extent of 250 billion dollars. The financial system being an integrated entity, I think, contagious, it spreads from one important sector to another. I do believe that the hon. Finance Minister wisely intervened in 1998. But, Madam, I submit to you that after having come to the rescue of the Unit Trust of India, after a studied application of mind by the Parekh Committee about what was wrong with the UTI - it was only after the acceptance of that Report, the Government bailed out the Unit Trust of India - it was obligatory on the Ministry of Finance to keep a close watch on the functioning of the Unit Trust of India, whether the purposes for which the bail-out operation was undertaken were being fulfilled, whether efforts were on to ensure that such a crisis did not occur again. I submit, Madam, that on this point the Finance Ministry did not discharge, I think, its functions in as alert a manner as it should have. I say it without imputing motives because it is certainly true as the hon. Finance Minister told us this

morning that because of the decision of Mr. Chidambaram, the representative of the Ministry of Finance was no longer there on the Board of the Unit Trust of India. But, Madam, as far as I know, the Unit Trust of India, I think, makes every month a report to the Ministry of Finance. So, the Finance Ministry has every opportunity to keep itself informed of the fate of the Unit Trust of India. Madam, after the scam in the stock market in March, 2001, for the Finance Ministry to pretend that everything was all right with the Unit Trust of India, I think, would be something which nobody would simply believe. I think the markets right from the stock market scam of March, were worried about the impact of the steep decline in the stock prices on entities like the UTI. Madam, I make, no revelation that market people, knowledgeable people all along were expecting that there would be a heavy pressure for redemption of the Units of Unit Trust of India. For the Ministry of Finance, to be satisfied merely with a verbal assurance of the management of the Unit Trust of India that everything was rosy in the Garden of Eden, to my mind, Madam, does not amount to discharging the responsibility of the Ministry in as effective a manner as one would expect the Finance Ministry to do. The second thing that I do want to say is that while in 1998 the Ministry of Finance did recognise that the Unit Trust of India was not an ordinary institution, that if people's faith in the Unit Trust of India or in its flagship US-64 declined, this would have major implications for the health of the financial system, this time, I am very sorry to say, the Finance Ministry did not show that sensitivity to the crisis in the Unit Trust of India as it ought to have displayed. Newspapers have reported that the Chairman of the UTI was in Delhi, most of the time, in the month in June. Newspapers have also reported that after many years, the Trustees of the UTI met in Delhi. And, this morning, the hon. Finance Minister told us that in the afternoon of 30th June, 2001, a paper was given to the Finance Secretary outlining the two options that were available before the UTI when it was facing a steep decline in its reserves/disappearance of its reserves, and its net worth becoming negative. Now, if a paper is given on such an important subject in the afternoon of a Saturday and it does not land on the table of the hon. Finance Minister till the next Monday, then, Madam, it sets me worried about the working of the Ministry of Finance. The UTI's debacle is no ordinary affair. The Finance Secretary was told on Saturday about the crisis that was building up. He did not recognise the gravity of it and handed over that matter to the hon Finance Minister thirty-six hours later -on Monday. I think, it does not reflect well on the functioning of the Ministry of Finance as well. Also, Madam, I would say that this is, in my

view, a fit case, where, because of the externalities associated with the functioning of the UTI, the Ministry of Finance should have come out, along with that announcement about the state of affairs in the UTI, with a rescue package. It should not have waited for two to three weeks before coming up with a revival or a rescue package that it had announced. That rescue package has some good elements, but it has also got some doubtful elements. This morning, the hon. Finance Minister made a statement in the House, while replying to a question, and was saying that this whole rescue package is designed not to have any adverse effect on the NAV of the Unit-64 Scheme. I would like to know from the hon. Minister as to how is it going to be ensured. Newspapers have reported that the financial institutions like banks -- SBI, etc. -- UC are being persuaded or pressurised to give money to the UTI. Madam, even these institutions are uncertain about the future of the UTI. Therefore, they are asking for a letter of comfort from the Central Government, as these institutions are genuinely worried that their loans may also not be repaid. If the pressure for redemption on US-64 does not decline, then we would have an added sense of crisis. So, I would like to know from the hon. Finance Minister as to how he is going to ensure that this rescue package will not have any adverse effect on the Net Asset Value of the Unit-64 Scheme? And also, if banks are going to be pressurised to give money, and if the underlying health of US-64 scheme is not good, the Finance Ministry, once again, would be called upon to bail out the banks through capitalisation or through other schemes. Therefore, my submission to you is that the Finance Ministry is not recognising the gravity of the crisis that the UTI faced and delaying the rescue package was something which did not, in my view, amount to an adequate response to the crisis. So, the management of the UTI has something to answer. I think, that goes without saying; and I hope, the Committee, which has been set up by the Finance Ministry will go into that matter. As I have submitted to you, Madam, the Ministry of Finance also owes an explanation to the nation as to why the Finance Secretary, when he came to know on 30th June, 2001, that a crisis was brewing, did not go to the hon. Finance Minister until Monday. How is it that it was only on 30th June, 2001, that the Finance Ministry woke up that something was wrong with the health of the UTI, when many corporates, when knowledgeable persons were talking about the ill-health of the Unit-64 Scheme for quite some time. I am not revealing any secret. I am the Chairman of a Trust. Many people came to me and said, "If your trust has invested money in Unit-64, please get out of it." So, all these things were

floating in the market in the month of May, in the month of June. The corporates that were alert, took advantage of it. The hon. Finance Minister was quoted in the newspapers as having said, "Maybe, some people had inside information'. If that is the case, that makes the crime all the more serious. I hope that he will have this matter looked into. If some corporates -- taking advantage of the inside information -- went through the redemption route to the extent of nearly Rs. 5,000 crores, leading to a further deterioration in the net asset value of the Unit-64 Scheme, it is very serious. So, Madam, I do believe that the Unit Trust Management, for its misdeeds, if any; and also the Finance Ministry, owe an explanation to the people because what has happened, amounts to a betrayal of the trust of nearly two crore people. Many of them are pensioners, many of them are widows, many of them have invested their lifetime savings in the Unit-64 Scheme because they seemed to believe -- rightly or wrongly -- that the Unit-64 was the flagship that was backed by the credit of the Government of India. They may not have been very wise, but this was the general belief; and, to let down these two crore people, I think, is a system crisis. It requires a system response. That system response was the duty of the Ministry of Finance, but it has failed to discharge that responsibility, and, to that extent, I think, the responsibility of the Finance Ministry for the muddle that has now, become a major financial crisis cannot be wished away. I hope, Madam, the hon. Finance Minister would enlighten us on all these issues.

**श्री रामदास अग्रवाल** (राजस्थान)**: उपसभापति**: महोदय श्री राघवन जी द्वारा प्रारभ्म की गई अल्प-कालिक चर्चा पर मैं बोलने के लिए खड़ा हुआ हूं । मैंने विपक्ष के माननीय नेता और पूर्व वित्त मंत्री सम्मानीय डा. मनमोहन सिंह जी का भाषण बड़े गौर से औऱ ध्यान से सुना । आज उन्होंने जो बाते कहां पर कही हैं वे बातें उनकी प्रतिभा और प्रतिष्ठा के अनुकूल हैं।

**उपसभापति**: महोदय, यह बात सही है कि यूटीआई की यू.एस. 64 बहुत प्रतिष्ठित स्कीम थी। यूटीआई की यू.एस. 64 स्कीम में इस देश के लगभग एक करोड़ 89 लाख इन्वेस्टर्स हैं इसमें लोगों का 12,797 करोड़ रुपया लगा हुआ है । यह स्वाभाविक बात है कि यदि यूटीआई की यू.एस 64 स्कीम पर कोई आपत्ति आती है या उस पर किसी प्रकार की कठिनाई पैदा होती है तो संसद उस पर चिन्ता प्रकट करे। मैं उसी संदर्भ में यह निवेदन करना चाहता हूं।

**उपसभापति**: महोदय. यह हमारी ही पार्लियामेंट है जिसने यूटीआई को विशेष प्रावधानों के द्वारा कानून के माध्यम से अधिकार प्रदान किए हैं। हम इस बात को जानते है कि यूटीआई का कार्यक्षेत्र लोगों को पैसा देना ऋण देना, उधार देना सेक्योरिटी के अगेंस्ट में देना शेयर कार्केट में जाना आदि उसके कार्यकलापों का अंग है । उनके पास 60 हजार करोड़ जनता

का उपलब्ध है एलआईसी के पास भी 45 हजार करोड़ रुपया हैं। उपसभापति महोदया, मैं अभी पिछले दिनों पढ़ रहा था कि बैंकों के पास जो फिक्सड डिपॉजिट के रूप में जो रुपया हैं वह 10 लाख 5 हजार रुपया हैं। हमारे इन फाइनेशियल इंस्टीटयूशंस के पास इतनी विशाल राशि इकट्ठी है । स्वाभाविक रूप से इनवैस्टर्स है , जो डिपॉजिटर्स हैं , उनको विद प्राफिट या विद इटरस्ट उसे वापिस करने के लिए उन्हें कुछ न कुछ कमाई करनी पडेगी, कुछ मुनफा करना पड़ेगा और इसीलिए संसद मे यह व्यवस्था दी कि इस व्यापार के क्षेत्र में शेयर की मार्केट में ऋण देने के मामले में सरकार का कम से कम दखल हो और ये इंस्टीट्यूशंस स्वयं अपने आधार पर जहां ऋण देना है , दें जहां शेयर खरीदने हैं, खरीदें और मुनाफा कमाकर इनवैस्टर्स को डिवीडेंड के रूप में पैसा दें। यह एक स्वभाविक लक्ष्य था । महोदया. इस लक्ष्य के अंदर जब खरीदना उनकी जिम्मेदारी है , बेचना उनकी जिम्मेदारी है ऋण किस प्रकार से दिया जाए उसके लिए कायदे कानून बने हुए हैं तो स्वाभाविक रूप से यह उन लोगों की जिम्मेदारी है उन आधिकारियों की जिम्मेदारी है जो इनके उच्च पदों पर बैठे हैं ।मैं हमारे पूर्व वित्त मंत्री महोदय को याद दिलाना चाहूंगा ,वैसे उनको जरूर याद होगा उनकी स्मरण शक्ति बहुत विलक्षण है लेकिन उन्होंने स्वयं यह बात पहले भी एक प्रश्न के उत्तर में कही थी प्रश्न संख्या 21,1-8-1995 को लोकसभा में हुआ था उस प्रश्न के उत्तर में उन्होंने कहा था । महोदया , मैं उस इनवैस्टमेंट की बहस में नहीं जाना चाहिए । एल.आई.सी.के इनवैस्टमेंट के बारे में एक प्रश्न के उत्तर में माननीय पूर्व वित्त मंत्री जी ने कहा था जो बिल्कुल ठीक था " Sir, it is inherent in the nature of equity markets that the markets fluctuate and today */Interruptions)...* Please, let me conclude, "...markets fluctuate, prices rise and prices fall. Now the LIC is a long- term investment. They have taken into account the long-term prospects." This is one question he has answered. महोदया, इसी प्रश्न के आगे जब औऱ सप्लीमेंटरी हुए तो माननीय पूर्व वित्त मंत्री जी ने कहा था would like to inform the House, through you, that these decisions are taken by the Investment Committee of the LIC on which, apart from the Chairman and the Managing Director of the LIC, there are representatives of other financial institutions. It is not the Government which takes these decisions." महोदया, इसी के साथ मैं थोड़ा सा औऱ कोट करना चाहता हूं जो अबरार साहब ने , जो कि उस समय राज्य मंत्री थे एक प्रश्न के उत्तर में 7-3-89 को अनस्टाई के उत्तर में कहा था "Sir, the Government does not lay down controls on capital investment by the Unit Trust of India. The investments by the UTI are made in accordance with the general regulations framed under the UTI Act,1963." महोदया, मैं इसी संदर्भ में यह निवेदन करना चाहता हूं कि जब आप किसी आदमी को नियुक्त करें, उस समय उसके बारे में जो कुछ सोच सकते हैं , सोचें किन्तु जब वहां आदमी नियुक्त हो गया तो उसको हटाने का अधिकार संसद ने सरकार को नहीं दिया है। जब उसे हटाने का अधिकार आपने सरकार को नहीं दिया है वित्त मंत्रालय को नहीं दिया हो तो जो व्याक्ति वहां बैठा है उसी की इच्छा पर सब कुछ चलता है ऎसा हमें दिखाई देता है। अभी माननीय मनमोहन सिंह जी ने चर्चा की उपयुक्त चर्चा है कि 1998 में भी यू.टा.आई. के ऊपर काले बादल मंडराए थे और उस समय तत्कालीन वित्त मंत्री के ध्यान में जब यह बात लायी गयी तो उन्होंने तुरंत कार्यवाही करके यु.टी.आई से करीब तीन हजार तीन सौ करोड़ के शेयर्स पी.एस.यू. के शेयर्स लेकर जिसकी उस समय मार्किट वैल्यु दो हजार करोड़ से

भी कम थी, उस आधार पर उनको सिक्योरिटी बॉड देकर, पांच साल के बांड देकर बेल आउट किया था। इसलिए किया था कि कॉमन इनवैस्टर्स का इंटरस्ट हमारे लिए सर्वोपरि है। हम कॉमन इनवैस्टर्स के इंटेरेस्ट को किसी प्रकार से हानि नहीं पहुंचने देना चाहते हैं। इसी मूल उद्देश्य के कारण तत्कालीन वित्त मंत्री महोदय ने यह कार्यवाही की। महोदय, यहएक ऐसा सवाल है जो हमारे सामने सही ढंग से कड़ा हो गया है। यूटीआई के चेयरमैन महोदय ने जो बी व्यापार किया होग, मैं उसका डिफेंस में नहीं जाना चाहता क्योंकीआज यहां पर यह विषय नहीं है। इसके लिए जेपीसी कमेटी बनी है और वह इस पर काम करेगी। मैं इस संदर्भ में ज्यादा चर्चा नहीं करना चाहता, लेकिन मैं यह निवेदन करना चाहता हूं कि युटीआईके पुर्व चेयरमैन महोदयने बहुत काम किए। हजारों करोड़ रुपए का इन्वेस्टमेंट इधर या उधर, इस कंपनी या उस कंपनी में इस दलाल या उस दलाल की मार्फत किया होगा। यह सब अखबारों में छपा है तो हम इस बारे में जानना चाहते हैं। जेपीसी उसकी इन्क्वायरी कर रही है। महोदया, मैं केवल यह कहना चाहता कि अगर युटीआई के चेयरमैन महोदय ने व्यक्तिगत रुप से राइटिंग में समय से पूर्व किसी प्रकार की सुचना देकर, गहन अध्ययन करके गहन विचार विमर्श किया होता तो मुझे लगता है अगर वित्त मंत्री के नोटिस में यह बात आ गई तो उन्होंने बराबर इस बात के लिए प्रयास किया। इस प्रकार के किसी भी मौके पर, इस प्रकार के किसी भी अवसर पर जो कदम सरकार उठा सकती थी, वह कदम उठाने में हमारे हमारे वित्त मंत्री ने कोई कमी नहीं रखी। मैं मानता हुं कि युटीआई बहुत बड़ा संगठन है, बहुत बड़ा फाइनेंशियल इंस्टीयूशन है। इसके बारे में अगर कोई गंभीर चर्चा होती है तो उसका दुनिया के अंदर संदेश जाता है। महोदया, यह बात सही है अगर किसी ने कोई गलत काम किया है और वित्त मंत्री इस बात से संतुष्टहैं तो उन्होंने पीएमओ से कह दिया कि इसकी सीबीआई से जांच कराई जाए। सीबीआई से जांच कराने में उनहें किसी प्रकार का कोई संकोच नहीं है। सरकार ने इस बारे में तुरन्त कार्यवाही की है। सरकार ने तीन लोगों की एक और कमेटी बनाई थी जिसमें डिप्टी गवर्नर तारापुर साहब थ। यह कमेटी युटीआई के एख साल, दो साल का जांच नहीं करेगी बल्कि दस सालों के काम की जांच करेंगी। सरकार यह चहती है कि युटीआई का काम प्रत्यक्ष रुप से ट्रांसपैरेंट हो। इस कमेटीमें जिन तीन लोगों को नियुक्त किया गया, ये तीनों ही इकनोमिस्ट हैं और इनके माध्यम से दस साल के इनवेस्टमेंट के लिए सरकार उनके कार्यकलापों को जानना चाहती है। सरकार का इसमें कोई दोष नहीं है। सरकारने तुरंत कार्यवाही कर दी। इसके अतिरिक्त भी वित्त मेंत्री , सरकार को जो भी आवश्यक कदम उठाने चाहिए थ, ...(**व्यवधान**)... जब आप बोल रहथे तब मैंने तो कोई इन्टरप्शन नहीं किया। अगर मैं अपनापक्ष रख रहा हुं तो इसमैं आपको कोई आपत्ति नहीं होनी चाहिए। ...(**व्यवधान**)...

**श्री जीवन राय**: (पश्चमी बंगल).. दो करोड़ आदमी इन्वाल्व हैं, उन्को ध्यान में रखते हुए...(**व्यवधान**)...

**श्री रामदास अग्रवाल**: मैं आपकी वेदना को समझ सकता हुं क्योंकि आज ही अखबारों मे आया है कि यूटीआई..

**3.00 P.M.**

**उपसभापति**: एक मिनट। देखिए, आप अपनी बात बोलेंगे, आप अपनी बात बोलें। इधर वाले अपनी बात बोलेंगे। डेमोक्रेसी का मतलब यह है कि सबकी बात सुन लें।

**श्री रवि शंकर प्रसाद** (बिहार): महोदया, ये चाहते हैं कि हम इनकी बात बोलें। ...(**व्यवधान**)...

**उपसभापति**: आर्डर प्लीज। देखिए, डैमोक्रेसी का तो मतलब यही है। सब एक जैसा बोलेंगे तो वह डिक्टेटरशिप होगा। डैमोक्रेसी का मतलब यह है कि इन्होंने अपनी बत बोली, आप अपनी बात बोलेंगे, लैफ्ट वाले अपनी बात बोलेंगे।

**श्री रामदास अग्रवाल**: मैडम, मैं तो अपनी बात बोल रहा थ। मैंने तो इनकी किसी बात का भी विरोध नहीं किया।

**उपसभापति**: ठीक है , सुनने दीजिए । अगर ये फापाइनेंस मिनिस्टर की मदद कर रहे हैं तो यह तो इनका काम ही है, इनको करने दीजिए। आपको क्या तकलीफ है? बोलिए, आप बोलिए। एटलीस्ट जो हाउस में सबको नींद आ रही थी, वह तो ठीक हो गई है।

**उपसभापति** : मैं यही समझ रहा था कि मेरा भाषण इतना उबाऊ है कि आप सब नींद ले रहे हैं ।

**श्री रामदास अग्रवाल**: मैं सब भाषण सुनने रही थी । I know that it was going to happen.

**श्री रामदास अग्रवाल**: महोदया, मैं जीवन राय जी की बात और उनकी भावना को समझ सकता हूं। उनके मन में यू.टी.आई. के भाव गिरने के कारण बड़ी वेदना है। आज अखबारों मेंभी छपा है। आपको जितनी वेदना है उतनी मुझे भी व्यक्तिगत रुप से है क्योंकि यू.टी.आई. में मेरा परिवार भी एक इन्वेस्टर है लेकिन मुझे बेचने की जल्दी नहीं है। मुझे विश्वास है की यू.टी.आई. वापस अपने गौरवपूर्ण स्थान को प्राप्त करेगी और फिर से इन्वेस्टर्स का कांफिडेंस अर्जित करेगी और इसी सरकार के टाइम में करेगी।

**उपसभापति**: अग्रवाल जी, आप एक व्यक्ति के नाम से ही क्यों बोल रहे हैं। जो बहुत सारे इन्वेस्टर्स हैं उनके बारे में बात कीजिए। जीवन राय जी के लिए ही क्यों आपके दिल में इतनी हमदर्दी है । हम लोगों के लिए नहीं है?

**श्री रामदास अग्रवाल**: महोदय, क्योंकि वे मेरे साथ बड़ी मित्रता रखते हैं। जब मैं बोलता हूं तो बीच में जरुर खड़े होते हैं इसलिए मैं उनके साथ बड़ी हमदर्दी रखता हूं ...(**व्यवधान**)... महोदया, यह एक ऐसा विषय है जिसमें 1,89,00,000 लोग इन्वोल्व हैं। इसके

बारे में सदन में चर्चा हो रही है। अगर सरकार ने कुछ उपयुक्त कदम उठाए हैं तो उसके बारे में सब लोगों को इन्वेस्टर्स को पता लगना चाहिए कि सरकार ने क्या कदम उठाए हैं । इसमें किसी प्रकार की कोई आपत्ति होने का सवील नहीं उठता। सरकार अपना पक्ष रखेगी, आप अपना पक्ष रख रहे हैं इसमे हमें कोई आपत्ति नहीं है। मैं यह कहना चाहता हुं कि जब यह बात सरकार के नोटिस में आईतो सरकार ने तुरंत कार्रवाई करने के नाते वहां के अध्यक्ष, जिसे हटाने का अधिकार शायद नहीं थ, मैं श्योर नहीं हूं कि संवैधानिक स्थिति क्या है या कानून की स्थिति क्या है लेकिन उनसे त्याग पत्र लिया गया और त्याग लेने के बाद जितनी जल्दी संभव होसकता था एक एक्टिंग चेयरमैन बनाया गया और बाद मैं चेयरमैन नियुक्त क्या गया। सरकार ने इसे महत्व दिया इसीलिए यह किया। सरकार ने साथ ही साथ उस बोर्ड की मीटिंग बुलाकर जो कार्रवाई करनी चाहिए थी, जिससे इनवेस्टर्स का कांन्फिडेंस लूज न हो वह कार्रवाई करने के लिए प्रयास किया। ये सब बातें ऐसी होती हैं जो सरकार अपनी तरफ से उन ट्रस्टों के संबंध में या इन्स्टीटयुशनस के संबंध में कर सकती है। सरकार ये कदम उठा सकती है। सरकार की अपनी सीमाएं हैं, सरकार की अपनी बाध्यताएं हैं, सरकार केसामने अपने कुछ नियम और कानून होते हैं और उन्हीं के अंतर्गत सरकार को काम करना होता है। आफ भी सरकार के नियम , कानून के अंन्तर्गत काम कर चुके हैं और कहीं न कहीं त्रिशंकु के जैसे किसी सरकार के साथ लगकर काम करते रहे हैं औऱ हमभी कर रहे हैं। यह तो स्वाभाविक है कि नियम-कानुन के अन्तर्गत ही यह सरकार कदम उठाती हैं। सरकार का कदम कुछ विलंम से होता है, यह बात हो सकती है । अंत में, उस प्रशासनिक कमजोरी को दूर करने के लिए हम सब मिलकर क्या कर सकते हैं, इस संबंध में मेरा एक सुझाव है जो मैं सभी माननीय संसदों के सामने रखना चाहता हुं। हमने देखा है, मैंने बारह साल से देखा है और अब मेरा आखरी बारहवां साल चल रहा है, इन बारह सालों मैं मैंने यहां पर स्कैम्स, स्कैण्डल्स और आरोपों को देखा है, सुना है। मैं खुद एक सांसद के नाते ...(**व्यवधान**)...

**प्रो. रामगोपाल यादवः** (उत्तर प्रदेश) आप आगे भी छह साल के लिए आएं और आगे भी देखते रहें ...(**व्यवधान**)...

**श्री संघ प्रिय गौतम** (उत्तरांचल)**:** सुन लो।

**श्री रामदास अग्रवाल**: मैं एक सांसद के नाते यह अनुभव करता हूं कि देश में कानून भी बना हुआ है, संविधान भी बना हुआ है, देश में वित्त मंत्री भी पैदा होते रहे हैं, वित्त मंत्री काम भी करते रहे हैं और अच्छे-अच्छे भले इकोनॉमिस्ट लोग आते रहे हैं, अच्छे विद्वान लोग बने रहे हैं लेकिन इसके बावजूद भी, सारी प्रशासनिक व्यवस्था होने के बावजूद भी बार-बार इस प्रकार के कांङ क्यों होते हैं? क्या संसद के सभी माननीय सदस्य इस बात पर गौर करने का कष्ट करेंगे कि क्या देश में इसी प्रकार से कोई भी, चाहे अधिकारी हो, प्रशासनिक अधिकारी हो , हमारे देश के इन्वेस्टर्स का पैसा, गरीब आदमी का पैसा लूटता रहेगा? क्या हम ऐसी पुख्ता व्यवस्था करने के लिए बाध्य नहीं हैं? जब हम सांसद चुनकर आते हैं तो क्या उन लोगों के इंटरेस्ट के लिए हम कोई मजबूत व्यवस्था नहीं बना सकते? आप व्यवस्थाओं में परिवर्तन करते रहे हैं, आपने नये-नये कानून नियम बनाए हैं लेकिन आज फिर हम सब अनुभव करते हैं कि इन कानूनों की जकड़ के बावजूद भी हम अपराधियों को पकड़ नहीं पाते, उन्हें सजा नहीं दिला पाते। हम उन्हें कानून की परिधि में रखकर उनके साथ जल्दी न्याय, अन्याय या सजा जो भी होती हो नहीं दिला पाते। यह कमी हमारे देश

के प्रशासन में है। मैं आप सब से,खास तौर से अपने मित्रों से अपील करना चाहूंगा कि हम ऐसी व्यवस्था करें ताकि इस प्रकार का कोई व्यक्ति पैदा न हो जो हमारे देश के इन्वेस्टर्स के पैसे का दुरुपयोग करे रिजाइन करे चला जाए और उसके बाद जो कुछ उसे करना है वह करे। इस प्रकार की व्यवस्था को अगर मजबूत बनाना है तो इसके लिए मैं वित्त मंत्री जी से निवेदन करुंगा। आपने कई कमेटीज़ बना दी हैं मालेगांव कमेटी बन गई है, आपने तीन मैम्बर्स की कमेटी बना दी है, जे.पी.सी. लग गई है, सी.बी.आई. की इनक्वायरी हो गई है लेकिन इस सब के बावजूद भी ऐसी व्यवस्था कैसे बनेगी जिससे इस प्रकार के कांडों को दोहराया नहीं जा सके। मैं वित्त मंत्री जी से निवेदन करता हूं कि आप हमारे देश में अपने कार्यकाल में ऐसी कोई व्यवस्था इस देश को दे,कर जाइये ताकि देश में इस तरह की गड़बड़ करने वाला समय पर सजा पा सके और समय पर उसको सजा दी जा सके । इतना कहते हुए उपसभापति महोदया आपने मुझे अवसर दिया, इसके लिए बहुत बहुत धन्यवाद।

THE DEPUTY CHAIRMAN: Would you like to speak, Mr. Bagrodia? I think there is enough time just for one person, मनमोहन सिहं जी के बोलने के बाद जो टाइम बचा है उसमें सिर्फ एक सदस्य ही बोल सकता है ।

SHRI SANTOSH BAGRODIA (Rajasthan): Madam Deputy Chairperson, I rise today to discuss about the US 64 and the panic which is created in the country by the management of the UTI. After what the Opposition Leader has mentioned in detail, I will try to be brief and to the point. What is the UTI? It is a mutual fund. When this was brought into existence, at the time of the debate, Shri T.T. Krishnamachari had mentioned that the UTI was actually intended to cater mainly to the needs of individual investors so that the units will appreciate in value as years go by. This was the basic purpose. What is happening, to my little knowledge as an investor, is that the small investor cannot invest in different items because he has got a very small amount for investment. So, he has to take the risk of investing in only one item. The purpose of a mutal fund is, the small investors will invest in the mutual fund, and when a large amount is in the hands of the mutual fund, experts decide how to distribute the risk so that the best benefit can come to the small investor. This is my basic perception. In the morning, while this was being discussed in the form of a question, the hon. Finance Minister mentioned that the Ministry was worried, concerned- and tried to contact the UTI, after all this had happened. Madam Deputy Chairperson, the hon. Finance Minister wanted to say that he is not responsible for what is happening in the UTI. What is the perception? The perception, even to me, as an MP., was and is that the UTI is a Government fund, it is-guaranteed by the Government, it is a fund which is going to be taken care of by the Government, by the Ministry, in a way that no foulplay will take place. It is not a private fund. And it is the only fund in the country which is not under the purview of the SEBI.

Why is it not under the purview oMhe SEBI? It is so because it is under the control of the Ministry of Finance. The Chairman of the UTI is appointed by the Ministry of Finance. Another representative was appointed through the IDBI, which is also an institution controlled by the Government. And then the Government is saying: "Sorry, we do not know what is happening in the UTI." I don't think you can sell this idea, at least, to the masses. Legally, technically, you can withdraw complete responsibility. But I don't think the people at large are willing to accept this argument. Just before me, Ramdasji mentioned that he has an investment there. I am sure, he can afford to wait. But I am worried for another 2 crores of investors, some of whose daughters will be married in the next one month or two months, somebody will need it for some other purpose. They knew that this money is guaranteed by the Government. At least, that is what was the perception. They were under the impression that liquidity is readily available, and suddenly, one fine morning, there was a shot from the blue: "Look, all your money is blocked," and this money is blocked not because of his fault, not because of the fault of the investor, but because of the mismanagement of the UTI. It is really shameful if the Government says that they are helpless. They can do nothing. If you can do nothing, why did you finance it by Rs. 3.300 crores in 1998? Why have you mentioned in the mornning that this money will be refunded now in a schedule, that is, upto August 2001, at Rs. 10/-, and up to May 2003, at Rs. 12/-. You have stated in the morning that adequate liquidity arrangements have been made. Who has made the liquidity arrangement? This has been made by the Government; this has been made by the Finance Ministry. But, will you please disclose as to what is the arrangement? How much funds have been arranged? What do you mean by adequate? And if this arrangement has been made by you, this has been made by you because you feel responsible for this organisation. You are not doing charity to this organisation. You are not doing charity to the investors. You are doing it because you consider it to be your responsibility. On the one hand, you say, "I am responsible. So, I am doing it." On the other hand, you say : " Sorry, I know nothing about it." Both the things cannot go together. The UTI has invested in 1426 private companies. You will be surprised to know that out of 1426 companies, 81 show appreciation, and surprisingly, I do not know whether the Finance Minister knows about it or his officers know about it, 654 companies are not even traceable. Nobody knows as to what their address is. Can you justify this? This has not happened just overnight. I do not care under whose regime this has happened. But this has happened. But today you are responsible.

You have taken over the charge. After having taken over the charge, it is your responsibility, and during these 2-3 years, after you have taken over the charge, you have been sleeping. Imagine, 654 companies are not even traceable! They are not even tradeable. We say that the UTI's management is all right.

Mr. Finance Minister, I .think, it is only on the 3rd of July that you have said, "Don't panic." Sena tells us, "You have only 64 small investors." "Don't panic!", after they have been murdered. Their hard-earned money has just gone off, and you say, "Don't panic!" What is your programme? What efforts are you going to make to ensure that their money is absolutely safe? Can you guarantee us on the floor of this House that not a single, small investor's money will go down the drain? Sir, even quoting the insider information--! do not know if it is correct or not. This is all newspaper's news-you had reported that you did not know about it, but the people from the UTI said that the information was given to the Ministry regularly. As our Opposition Leader has already said, he knows how the Finance Ministry is run; with that knowledge, he has said that there are regular meetings with the UTI, and I am sure, you or your Department must also be having regular meetings, and if you are- having regular meetings, you have known about it. If you see a little history or record, you will come to know what has happened to the-percentage of dividends. From 1989 onwards, every year, the UTI has given a dividend of 18 per cent, 19.5 per cent, 25 per cent, 26 per cent and 26 per cent. In 1994-95, it was 26 per cent; in 1995-96 - 20 per cent; in 1996-97 - 20 per cent, and in 1997-98 also - 20 per cent. Unfortunately, it was only after our Government went that in the first year itself, in 1998-99, the dividend had gone down to 13.5 per cent, and in 1999-2000, to 13.7 per cent. After the NDA Government came to power, suddenly the graph had gone down. Now a stage has come when I really do not know if at all there is any percentage of dividend or not.

Sir, you yourself know about the Committee Report. The managers know that if a person invests in volatile shares, the risk is there, and this risk has not been there for the last two years. For the last ten years, all over the world, the graph of IT shares had been going up like this, and it suddenly went down! It went on going down, down and down, and we are still sleeping! Despite that, in 1998, we invested in Johri Brothers. Who are Johri Brothers? What are their credentials? What kind of INFOTECH business are they doing? Have you inquired into that? I know the CBI will do that. I am sure some kind of statement is coming from the Ministry what kind of share holdings are held by the UTI. Is there any officer in your

Department, who is looking into the matter as to what is happening with INFOTECH people? As regards the INFOTECH shares, I personally feel, only those people who wanted to make a fast buck had gone into those shares.

No intelligent investor, no investor who really want to have a steady progress in the value of his rupee has invested in Infosys shares. How could the UTI do it? It is beyond my understanding as to why the UTI invested in Infosys shares at all. The Committee has recommended 40:60 ratio; the investment in shares should not go beyond 40 per cent. But it was never below 60 per cent. Are these figures not with you? Are these figures not known to you? If they are known to you, what action have you taken in this regard? I think you are not bothered about it. Once the UTI goes down, you will again give some resources to the UTI. Is this the only responsibility of the Finance Ministry?

Madam, my final point is about the responsibility. Let us not talk about the legal responsibility. When we talk of moral responsibility, the whole world knows that Shri Lai Bahadur Shastri resigned after a railway accident. Was he driving the railway engine? He took the moral responsibility and resigned. In the recent past, Shri Madhav Rao Scindia resigned because of a very minor accident at the Delhi Airport of a Russian aircraft which crash-landed. I believe nobody died at that time.

So this US-64 has crash-landed on the heads of two crore people. Is it a minor calamity as compared to a railway accident or an air crash? But for this you require the highest tradition of Congress moralities. ...*(Interruptions)*... You can say anything you like. But only the Congress leaders have set this kind of example. Tell me the name of one single leader who has not been a Congress leader who has shown this kind of responsibility and morality. ..*(Interruptions)*...

SHRI T.N. CHATURVEDI(Uttar Pradesh): Shri Nitish Kumar had also resigned.

SHRI SANTOSH BAGRODIA. I know Shri Nitish Kumar had also resigned. Let us also show some moral responsibility like that. The Finance Minister says, "I am not morally responsible". I beg to differ with him. I can only suggest that we can set very high standards in public life by doing it. Scindiaji was reinducted into the Cabinet. Shri Nitish Kumar has also been reinducted. Those who take moral responsibility can be reinducted. I have nothing against it. I have very high regards for him as an individual. But as a Minister, if he says, "I am not morally responsible" it does not sound good to me.

I would once again request the hon. Finance Minister to do something effective so that the future of these two crore people can be saved, so that the UTI can be managed better, so that we do not have to face a similar situation after two years, so that the trust of ordinary investors in the UTI can be re-established, so that we do not have to depend on private mutual funds, so that the UTI can function better. Thank you

THE DEPUTY CHAIRMAN: Before I call Shri Nilotpal Basu, I wish to inform the Members that I have been reminded by Shri Pranab Mukherjee that though this discussion is a Short Duration Discussion, it was decided in the Business Advisory Committee that four hours would be allotted for this. The time has been calculated accordingly. So, Mr. Basu, you were to speak for nine minutes; but, now, you can speak for 14 minutes. But 14 minutes is the outer limit; then, you have to take the Chair...*(Interruptions)*... Yes, he is in the Panel now.

SHRI NILOTPAL BASU (West Bengal): Madam Deputy Chairperson, we feel a little amused when those charges of morality are traded so frequently. I was listening, with a little sense of amusement, to my friend, Shri -Ramdas Agarwal; he is not here now. He was making oblique references to the concern that Shri Jibon Roy and his associates had expressed about the US-64 scheme because, reportedly, the CPI (M) has made its investment in that scheme. I think, we did not commit any criminal mistake by doing so. But Mr. Agarwal and his ilk of people, that is, those who produce the Report, should know better that this is a far more serious issue which is facing the nation. And, apart from making such oblique references, he would have done himself much well had he gone through the UTI Act itself. In the Act, sub-clauses (1) and (2) of section 41 -make it very clear that the Government can always remove and reconstitute the Board. Therefore, what the Government can do and what the Government cannot do in such a crisis has been very well laid down by the framers of the UTI Act, in the Act itself. I need not go into all that. But the point here is, we have to see how the things have really happened because, the forewarning of what was going to come was there and this august House had debated the whole issue on 2nd December, 1998, in response to a Calling Attention Motion brought by no less a person than Mr. Narendra Mohan, who is sitting, not on this side of the House, but, on the other side of the House. Now, I would just like to recollect what the Finance Minister had said in reply to Shri Ram Gopal Yadav's query. He had said: *इसमें किसी

प्रकार घबराने की बात नहीं है, किसी प्रकार का कोई स्कैंङल नहीं हुआ है, किसी प्रकार का कोई स्कैम नहीं हुआ है,। मैं नहीं समझता हूं कि यह कोई ऐसा मौका है जिसमें हम संसदीय समिति का गठन करके कहें कि इसकी जांच करो । अगर कभी भी हमारे मन में इस प्रकार की बात आएगी तो मैं सबसे पहला व्यक्ति होऊंगा जो इस सदन के समक्ष आकर कहेगा की सभापति महोदय, आप इस मामले मैं संसदीय समिति गठित करें और इसकी जांच-पङताल कराएं लेकिन मैं इसकी आवश्यकता इस वक्त महसूस नहीं कर रहा हूं।

मैं इस सदन से निवेदन करूंगा कि हम सब मिलकर इसमें विश्वास व्यक्त करें। यू.टी.आई पर कुछ रिडैंप्शन का प्रैशर पड़ा था, कुछ दबाव पड़ा था लोग पैसा वापस लेने लगे थे लेकिन मुझे यह कहने में संतोष हो रहा है कि इस साल हमने यूएस 64 जो राशि शामिल की है वह पिछले साल की तुलना में अधिक है। "So, he was satisfied. He was complacent. He had given a clean chit to the UTI management. Subsequently, what happened? Now, it is being told that because of the downturn in the share market, the US-64 scheme, in particular, and the UTI, as a whole, is in doldrums.

What happened at the end of that debate? After the Finance Minister had concluded the debate, our old friend, Shri Gurudas Das Gupta, as he always used to do -- he always had an unanswered question --raised this point and said, 'I have quoted the latest audit report. Categorically I have stated that the reserve is not enough to take care of the redemption. There is a serious depletion in the funds'. That question was not answered. What is the basis of the crisis today? What was the Finance Minister telling us in the morning? Why did the crisis happen? It was because the UTI had constantly dipped into its reserves and, as a result of that, and because of the down-turn in the share market and the kind of portfolio it was having, the NAV came down so much that the overall fund position went into the negative. So, forewarnings were there in 1998'. And Mr. Finance Minister refers to the Parikh Committee. What were the recommendations made? Their recommendations made were that the debt-equity ratio should be changed in favour of debt schemes. Now, what was the equity component of the US-64 scheme in 1998 when the bail-out was offered?. If I am not wrong, it was 66%. And what is it now? It is 75%. So, not only have Deepak Parikh Committee's recommendations not implemented, the recommendations have been implemented in the reverse. Now the Government says it has no accountability; it is autonomous. I will not go into the details. Madam, I have gone through the debates of 3rd and 4th of December, 1963. What was being told by the hon. T. T. Krishnamachari who piloted the Bill at that point of time? He said that this was a unique instrument that the Government was building, that the country

was building, whereby, without any direct tax in the organisation, how the interest of the small investors will be protected, how their savings will be mobilised for the economic development of the country, for the investment requirements of the country. During that debate, when Members were raising questions of transparency, he replied that this organisation would be accountable to the Parliament. Here, we find that in such clear terms, after assuring the Parliament that there was nothing to worry, within three years, the entire country is in a soup; 20 million investors are in a soup and the UTI does not have a fund and, on top of that, the Finance Minister states at his Press Conference that we can't give any budgetary support; that is not the right decision at this point of time. We don't know what the way out is. Reports were there. Even in March, when the stocks were tumbling as nobody's business, UTI was investing in those portfolios. The other day I was surfing. You find that there is portfolio after portfolio of different schemes and it absolutely coincides with the composition of the K-10 scrips, which led to the stock market scam. They have invested in the same set of scrips and the kind of investment decisions that have taken place. Now, are we to understand, from what the Finance Minister was telling us in the morning, or, what Shri Ramdasji was telling us in the afternoon, that Parliament will have no business because they have been invested with a certain degree of autonomy? That means there will be no element of accountability in the whole thingl For the consumption of the House, I just want to quote what has been said in the beginning of the Act itself. It says, "The Unit Trust of India Act, 1963, an Act to provide for the establishment of a corporation with a view to encouraging saving and investment and participation in the income, profits and gains accruing to the corporation from the acquisition, holding, management and disposal of securities".

And the Parliament will have no role to play; the Government will have no role to play, as long as there is no scam. Once a scam breaks out, once people are hurt, once media starts reporting, then only the Parliament will wake up, the Government will wake up, and try to do something; that too, in a half-baked manner. Then, again, that recurrence is there. I just want to know as to what is happening there. I have no problem with autonomy. But, at the same time, how will Parliament exercise control? What is the mechanism? Dr. Manmohan Singh was referring to monthly reports. What are the monthly reports for? Nobody will analyse; nobody will monitor. I understand, the Capital Market Division is now there with the Government of India. What is its responsibility? In April and May, Rs.4,500

crores worth of corporate withdrawals have been there from US-64 and it had increased the pressure on redemption; that was one of the immediate provocations to stop the sale and repurchase of the units. The whole world knows, but the Finance Ministry does not know! The Calcutta Stock Exchange payment crisis was there. I remember distinctly that on the I3$^{m}$ of March, in this House, when we were discussing the share market scam, I said that payment crisis was there. It was violently opposed by the Finance Minister. He said, "There was no scam." How was the payout made? Because the UTI was made to buy DSQ Software shares. Everybody knows. The whole world knows; and, still, we will be told that nothing could be done to the UTI because it is a body which has been construed where the Government should not interfere. This Government talks about investing the pension fund in the share market. Such is the situation in the capital market where there is daylight robbery and the Government will say that they don't have the instruments and they don't have the wherewithal to intervene. The Deepak Parekh Committee very categorically recommended certain transparency and all these things. When the last debate was going on in 1998 December, the Finance Minister was mocking at the Opposition. He said, "Why do you talk about this? Some newspaper has reported something; you have to talk of scam. Let the Deepak Parekh Committee recommendation come. After that, we will definitely take decisions." But what happened? No decisions were taken. It was not converted. It was not made one of the best. The portfolio was not changed in terms of debt-equity structure. When the share market boomed to 6000 points, at that time, there was no question of repositioning. Now, when the market has dipped, you are saying that it has to be repositioned, to the detriment of the entire investing community of this country. This is how the Finance Ministry will be run; this is how the Government will be run. So, systemic aspects are there; I agree with Dr. Singh. But, at the same time, is there no element of criminal complicity? You have ordered the CBI to go there. What did they find there? Four days before, the top management of the UTI, on the basis of inputs of their Economic Research Forum, decided that they are not going to fund the private placement of Cyber Infosys. After four days, the decision gets changed. Who changed it? Did the management change it on their own? Why did they change it on their own? Have they been bribed? If they had been bribed, then they could have done it in the first instance itself. The CBI has arrested them. I am given to understand that they have said -- those who have been taken into CBI custody -- that they were not responsible. Certain pressures were there. With whom did they discuss

during these four days? Please give us their telephone log-in books. On their own, they have done that. There was no criminal complicity in this.

Was there no *mala fide* involvment? You are still not saying how all this has happened. You are saying that the SEBI could not regulate that. You are referring to the Waghul Committee. This is a half truth. The Waghul Committee said that it couldn't be regulated by the SEBI because, though it has invested in equity, it is a fixed and assured income fund, and, therefore, it couldn't be regulated by the SEBI. Practically, it is an equity-based fund. Seventy five per cent of its funds are in equity. And you are treating it as a regular income fund. If it is a regular income fund, then the investors should have no problem. The responsibility lies with you; you have said so in the explanation of the UTI. Now, the Government has started talking about the need to amend the UTI Act. If there is a need to amend it, what happened during the last three years when the Deepak Parekh Committee's recommendations were lying with the Government? I remember, all of us remember. Our people also talked about it. We taunted Dr. Manmohan Singh for not losing his sleep over what happened in the share market in those days. I don't want to disturb anybody's sleep or siesta.

In such categorical terms, we were mocked at for raising this issue in December, 1998. What action has the Government initiated to avoid this type of a situation? The House wants to know this because this is a very serious charge. Mr. Bagrodia also was referring to it.

Madam, who makes these charges? Shri Kirit Somayya, a BJP MP from Lok Sabha, heads the Small Investors' Forum in Mumbai. They say that the UTI has invested in 1,426 private companies, of which only 81 showed monetary appreciation; as many as 654 are either non-traceable or non-credible. Sir, the investment in 1,426 companies has depreciated by 47%. Was this information not available to the Government?

Had the Government asked the UTI management to explain what they were doing, such a situation would not have arisen. Did the Government ask them? Did the Government ask the IDBI, through which the Government used to control the UTI? Did the Government ask other bodies as to why this was happening and how this was happening?

Yesterday, the Financial Express has reported that the Cyberspace Infosys is only the tip of the iceberg; that there are many other such companies where such investments have been made. The investments have been made in unlisted companies! We hear about the Pioneer and the Jain

TV being funded by the UTI. The world would understand this. The Finance Ministry was discharging its responsibility; and yet, they didn't have anything to do, in order to avoid this disaster! I think, these are questions which need a definite reply from the Finance Minister.

Madam Deputy Chairman, what is happening now warrants the Finance Minister's stepping down till all issues are cleared because under his dispensation only, all these have happened.

THE DEPUTY CHAIRMAN: Mr. Virumbi. ...*(Interruptions)*... Mr. Virumbi, you have only ten minutes. ...*(Interruptions)*... You do not have any fight now. ...*(Intenvptions)*... So it should last only for ten minutes. Definitely, you are not going to ask for the removal of the Chief Minister. ...*(Intenvptions)*... So, there is no problem.

SHRI S. VIDUTHALAI VIRUMBI (Tamil Nadu): Madam, I thank you for giving me an opportunity to say something about the recent debacle of the Unit Trust of India. If it goes in the same way, we feel that the Unit Trust of India may lose the trust of Indians. In spite of the observations made in this House by the hon. Members from various quarters for rectifying and keeping the house of the UTI in order, Madam, we have come to know that still it has not been done. Madam, the Unit Trust is a castle. What they feel is that it should not become a crumbling edifice. Madam, the poor people who are working from dawn to dusk had invested and put in their hard earned money with an unshakable faith. But now they feel that this faith is being shaken badly. Madam, already a public interest litigation has been filed in the Mumbai High Court by one Mr. Pradeep Bawani, President of the National Association of Small Savers. Madam, during the last financial year, the UTI mobilised an amount to the tune of Rs.2661 crores. But the amount they have utilised for redemption is Rs.5952 crores. Out of which approximately 70 of the transactions amounting to Rs.4141 crores, took place during April, and May. On the 2nd of this month, suspension of sale and repurchase was pronounced. Before this announcement, four days back, the trustees of the UTI Board passed two resolutions; one was to enable them to suspend the sale and repurchase and the second was to provide for an enabling clause to make asset value based pricing of US-64 Units. That happened four days before the 2nd of July, that is, in the last week of June. When these resolutions' were passed in the last week of June, how did the corporate sector come to understand that in April or May that such a type of decision or resolutions were going to be passed by the Board of Trustees of the UTI? It clearly shows that there was some

inside trading. In 1973, the UTI had a bail out. At that time, the RBI came in to shell out Rs.6 crores.

In 1998-99, through this special Unit Scheme, the Government of India came out and invested nearly Rs. 3,300 crores; maybe, it might have created complacency in the UTI. Not only in 1973 and 1998-99; the same type of mistake - not a mistake, but a blunder - was committed in 1994 when Mr. S.A. Dave was the Chairman of the UTI. At that time also, they had invested money in shares, quoting and agreeing to 20 per cent more than the prevailing market value in 1994. The problem is, on the one side, we have Ketan Parekh; and on the other, we have Deepak Parekh. We are being sandwiched between these two Parekhs. The first recommendation of the Parekh Committee on the NAV is that the deviation of its sale and repurchase price has to be from its NAV. The second recommendation is regarding equity. The Parekh Committee felt that the UTI has some preponderance of equity in its portfolio. On the management front, the Parekh Committee observed that there is a lack of transparency and flaws in fund management prevailing in the UTI. The fourth recommendation was the NAV-linked pricing should be adhered to. The fifth recommendation is this. More investment should be in fixed income instruments — this is a very important observation. Had the UTI adhered to this recommendation, instead of investing the hard earned money of the people in equity, in the speculative market, the people who believed and invested in the UTI would have been saved by this time. The sixth recommendation was to make dividend commensurate with earnings.

[The Vice-Chairman (SHRI SANTOSH BAGRODIA) in the Chair.]

Sir, the seventh recommendation was that strategic sales be effected to reduce the equity portfolio. So, these are the salient recommendations/observations made by the Deepak Parekh Committee to the UTI. Sufficient time has elapsed. More water has gone under the bridge. What I want to know is this. During these two years, what action has been taken on these recommendations? Had they taken these recommendations into consideration, with involvement, I think, this would not have happened.

Sir, in the U.K., there is an office called Serious Fraud Office. The people working in the Serious Fraud Office try to investigate, find out the people who are involved in economic crimes. Now, such a kind of Serious Fraud Office is essential for India. The other point is that the formation of

asset management company has to be probed into. In case, if it gives profit to the UTI, it should be looked into. What I want to say with regard to the NAV is that, either the UTI must be given time or let it keep investing and wait till the fund is turned into NAV based. Or, they must exit at the rate of Rs. 10 per unit. Suppose, if the second formula is accepted, I feel, dut of Rs. 13,000 crores, at least, one-third of the investors may decide to redeem it. In that case, the UTI was to shell out nearly about Rs. 4,300 crores. If it is so, whether the stock market would be able to bear it. Whether it can absorb this volume. That is the question. When it is not able to absorb, automatically, the NAV will become negative. When it becomes negative, the same thing would have happened. Therefore, what I want to know from you is this. Will the bail out package -- already some banks have announced it -- gives a permanent solution? That is the question before us.

They put some relief package. But how was the relief package made. Sir, before the relief package, the top bank officials and the UTI officials said, which the Press quoted as, "The bankers lamented that the UTI refused to divulge any details of its plans at the meeting while seeking assistance." When the UTI sought assistance, they did not want to reveal any matter connected with the administration of the UTI even to the banks. What is the reason behind that? Then, I come to the bail-out scheme. The UTI itself has constituted a committee. That committee consisted of a Chartered Accountant, the former Managing Director of the National Stock Exchange, the non-Executive Director of the Tata Sons, and the UTI Trustee. They advised that there should be an external perspective on US-64. This Committee is going to submit its report. But, before that, they had cleared the proposal. They invested Rs. 32.8 crores in the Cyberspace Infosys Limited. First they refused it. Then they accepted it. All of a sudden -- within 96 hours after the refusal - it was approved. In spite of the fact that the Equity Research Cell gave adverse opinion about the investment. In the same way, the UTI approved the investment in a shell company when it was not worth investing in it. Now, the Government, with a view to finding out the reasons for this debacle, has formed a committee. I do not want to go into details of that. The main issues before the committee, as suggested by the Government, are: First, the investment or disinvestment; was it based on commercial or extraneous consideration. Secondly, the high level of dividends; whether the reason was extraneous. Thirdly, the Calcutta Stock Exchange crisis; whether you should bail out any defaulting company. Fourthly, the breach of confidentiality. You have

**4.00 P.M.**

formed the Committee for these four issues. In the securities scam, last week, the sentence on a person was confirmed by the Supreme court. He got one year's rigorous imprisonment. That too was a very clear case. He issued some cheques, and those cheques bounced back. To prove that the cheques bounced back, it took ten years. To prove that the cheques issued by such and such person -- I do not want to take the name --bounced back, it took a decade. Sir, when it is the situation that even after having a clear-cut case, it takes ten years to punish a person, I want to know, through you, Sir, how it is going to solve the problem. First, the securities scam; then, the stock exchange crisis; then, the Calcutta Stock Exchange crisis, now this one. Whenever a committee is constituted, it gives a report and, finally it says, "This is a systemic failure". The words "systemic failure" have become a convenient phraseology to escape. Therefore, I feel that, it should not be left only with the words "systemic failure", the people who are really guilty, the people who indulged in looting public money, should be brought to book. They should be punished; action should be taken in such a way that such things are not repeated again in our country. With these words, I conclude, Sir.

**श्री अमर सिंह** (उत्तर प्रदेश): धन्यवाद उपसभाध्यक्ष महोदय, मैं सर्वप्रथम प्रतिपक्ष के नेता आदरणीय मनमोहन सिंह जी को उनके बड़े ही सारगर्भित, गरिमा के अनुकूल गंभीर वक्तव्य के लिए हार्दिक बधाई देकर, अपना वक्तव्य आरंभ करुगां ।

यू एस 64 के बारे में मेरे पूर्व वक्तावाओं ने काफी चर्चा की है। हमारे मध्यम वर्गीय निवेशकर्ता काफी बड़ी संख्या में इससे प्रभावित हुए हैं। इस बात में कोई संशय नहीं है कि इस पूरे प्रकरण ने मध्यम वर्गीय समाज को दहला दिया है, हिला दिया है। मैं कोई नाम लेकर, कोई आरोप लगाकर सदन की गरिमा को गिराना नहीं चाहता हूं लेकिन मैं इतना जरूर कहना चाहता हूं कि इस पूरे प्रकरण में विशेष रुप से सी बी आई की जांच के बारे मं जो कंपनी है और जिसके अंतर्गत यू टी आई के पूर्व अध्यक्ष को गिरफ्तार किया गया है, संदेह की सुई उच्चतम पदों पर बैठे व्यक्तियों पर भी घूमती है। विशेष रुप से इस परिप्रेक्ष्य में जब उत्तर प्रदेश के मुख्य मंत्री का बयान आता है कि साइबर स्पेस कंपनी में उत्तर प्रदेश का भी समावेश है। विशेष रुप से तब जब आज के प्रातःकाल के समाचार पत्रों में प्रधानमंत्री कार्यालय का सुओ मोटो स्पष्टीकरण आता है कि हमारा इस पूरे प्रकरण से कोई मतलब नहीं है। प्रधानमंत्री की उपस्थिति , साइबर स्पेस के जौहरी बंधुओं के समारोह में उत्तर प्रदेश के तत्कालीन मुख्य मंत्री राम प्रकाश गुप्ता की संस्तुति से हुई थी। क्या राम प्रकाश गुप्ता किसी दल के नहीं है? मैं पूछना चाहता हूं, राम प्रकाश गुप्ता किस परिवार से, किस दल से संबंध व्यक्ति हैं? वर्तमान मुख्य मंत्री किस परिवार और किस दल से संबंध व्यक्ति हैं? क्या प्रधानमंत्री कार्यालय इतना कह लेने मात्रा से अपने कर्तव्य की इतिश्री कर लेगा कि तत्कालीन मुख्य मंत्री ने हमें कहा इसलिए हम वहां गए। मैं कत्तई अपने देश के प्रधान मंत्री पर आरोप नहीं लगाना चाहता हूं।

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK): Sir, I am on a point of order. He is making a serious allegation.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Yes.

SHRI DIPANKAR MUKHERJEE (West Bengal) : Mr. Vice-Chairman, Sir, I am on a point of order. Mr. Ram Naik is sitting in the House as a Minister.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA) : One minute ...*(Interruptions)*...

SHRI DIPANKAR MUKHERJEE: He is not a Member of this House. He is the Minister of Petroleum and Natural Gas. So, he cannot raise a point of order ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): One minute ...*(Interruptions)*...

SHRI DIPANKAR MUKHERJEE: Mr. Vice-Chairman, Sir, this is not correct. ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH .BAGRODIA): Listen to *me...l/nterruptions)*... Let me first hear the point of order...*(Interruptions).*

SHRI DIPANKAR MUKHERJEE: He cannot raise a point of order. He is the Minister of Petroleum and Natural Gas. He is not a Member of this House. ...*(Interruptions)*... What is happening in this House?.

SHRI T.N. CHATURVEDI : Sir...*(Interruptions)*...

SHRI DIPANKAR MUKHERJEE: Mr. Chaturvedi, you can raise a point of order, but not Mr. Naik. He cannot" raise a point of order... *(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): One minute.. *(Interruptions)*.. -

SHRI DIPANKAR MUKHERJEE: He cannot raise a point of order. He is not a Member of this House..*(Interruptions)*... Let other Members do it. ...*(interruptions)*...

**श्री अमर सिंहः** एक बयान आया है मैं उसी को उद् धृत कर रहा हूं। मैं अपनी ओर से कुछ नहीं कह रहा हूं ...(**व्यवधान**)... मैं कोई आरोप नहीं लगा रहा हूं।

SHRI DIPANKAR MUKHRJEE: Let them raise. But why is he raising a point of order? ...*(Interruptions)*...

SHRI KAPIL SIBAL (Bihar) : Sir, the issue which is being discussed is not connected with his subject.

SHRI RAM NAIK: Whether my point is relevant or not, I am sitting here as a Minister, and a Minister has every right to intervene, whenever he finds it necessary ...*(Interruptions)*... I am sitting here as a Minister.. .*(Interruptions)*...

SHRI PRANAB MUKHERJEE (West Bengal) : Mr. Vice-Chairman, Sir, a Minister can make a statement at any point of time relating to his subject. But he cannot enjoy the privilege when he is not a Member of this House. So far as the question of the point of order is concerned, it is a privilege ot a Member of the House and since he is not a Member of this House..*(Interruptions)*... Sir,

SHRI RAM NAIK: I am not at all raising the point of order as a Member of the House. ...*(Interruptions)*...

SHRI PRANAB MUKHERJEE: Therefore, let us not make a new precedent. ...*(Interruptions)*... For God's sake, don't make a new precedent. ...*(Interruptions)*...

THE MINISTER OF RURAL DEVELOPMENT (SHRI M. VENKAIAH NAIDU): Mr. Vice-Chairman, Sir, the issue is, the hon. Member has taken the name of a former...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): No, no. Please. The first issue is..*(Interruptions)*... Please bear with me for a second. The first issue is whether Naik Sahib has the right to raise a point of order or not. He cannot raise a point of order because he is not a Member of this House. That point is well taken. Now, do you have to say something?

SHRI M. VENKAIAH NAIDU: My submission is ...*(Interruptions)*... As a Member of this House, I feel, the hon. Member has ... *(Interruptions)*...

SHRI RAM NAIK: He has taken the name of the Prime Minister. ... *(Interruptions)*...

SHRI M. VENKAIAH NAIDU: You are also standing and I am also standing.

SHRI RAM NAIK: Okay.

SHRI M. VENKAIAH NAIDU: Sir, the hon. Member has taken the name of the former Chief Minister, and he has taken the name of the hon. Prime Minister also. Sir, if he has got something specific, he can give it in writing to the Chair, before referring to the name of the Prime Minister. We have no objection to it, and the Government can defend itself.

Secondly, Mr. Ram Prakash Gupta is not here to defend himself; taking his name, without any context, is not allowed, as per the rules of the House. I, therefore, request you, Sir, to advise the Member to withdraw the reference to Shri Ram Prakash Gupta.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): It is all right. I think propriety demands Members should avoid taking names in their speeches.

SHRI AMAR SINGH: Sir, I accept it.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): If you like, you can mention them indirectly. But it is better, you don't mention.

SHRI AMAR SINGH : भूतपूर्व मुख्य मंत्री , I accept it.

**श्री एम.वेंकैया नायडु**: भूतपूर्व मूख्य मंत्री आपका भी हो सकता है ।

**श्री अमर सिंह :** उत्तर प्रदेश के भूतपूर्व मुख्य मंत्री की संस्तुति पर प्रधान मंत्री कार्यालय का स्पष्टीकरण आया था, मैं अपने मित्र वैंकैया नायडु को आश्वस्त करना चाहता हूं कि मैं प्रधान मंत्री के ऊपर कोई आरोप नहीं लगा रहा हूं, वह देश के प्रधानमंत्री हैं, हमारे भी प्रधानमंत्री हैं, लेकिन मैं इतना जरुर कहना चाहूंगा कि किसी ऐसे व्यक्ति के समारोह में जब इतना बड़ा व्यक्ति जाता है तो निश्चित रुप से उसका प्रभाव पूरे निवेशकर्ताओं पर पड़ता है, उनके मानस पर पड़ता है। उसका एक दुष्प्रभाव पड़ता है और उसकी पूरी की पूरी जांच हो रही है। इसलिए मैं प्रधानमंत्री जी के कार्यालय के इस स्पष्टीकरण का स्वागत करता हूं जिसमें कि उन्होंने निराकरण किया है। आप जरा मेरी पूरी बात सुनिए। मेरा यह कहना है सी.बी.आई. के दायरे में वे चार दिन और ये चार दिन कौन से हैं, ये चार दिन वे हैं जब यू.टी.आई. के तत्कालीन चेयरमैन ने सर्वप्रथम इस साइबर स्पेस और जौहरी बंधुओं के प्रस्ताव को, यूटीआई की अपनी आंतरिक समिति की संस्तुति पर ठुकरा दिया था, तिरस्कृत कर दिया था, लेकिन उसके बाद चार दिन में उनका ह्रदय परिवर्तन क्यों हो गया? जो हमारे साथी कामरेड नीलोत्पल बसु जी कह रहे थे मेरा भई वही प्रश्न है कि यह अकस्मात ह्रदय परिवर्तन कैसे हुआ? अगर यह कोई ऐसा भ्रष्टाचार का मामला था तो यूटीआई की आंतरिक समिति प्रतिकूल संस्तुति नहीं करती और जब प्रतिकुल संस्तुति के बाद चेयरमैन के स्तर पर उस वास्तव को तिरस्कृत कर दिया गया, करोडों रुपये के निवेश के प्रस्ताव को ठुकरा दिया गया तो फिर चार दिन में यह ह्रदय परिवर्तन कैसे हुआ? इन चार दिनों के अंदर किस किस व्यक्ति ने दूरभाष से यूटीआई में संपर्क साधा, कम से कम उसका तो पूर्ण विवरण

उपलब्ध कराना चाहिए। डरने की क्या बात है? हाथ कंगन को आरसी क्या, पढ़े लिखे को फारसी क्या, दूध का दूध और पानी का पानी हो जाएगा। मेरी सिर्फ इतनी मांग है और यह मांग इसलिए है कि सार्वजिनक जीवन के हम सब व्यक्ति , अभी दीपक पारीख समिति का उद्धरण दिया जा रहा था और हमारे पूर्व वक्ता साथी ने पारदर्शिता की बात कही, पारदर्शिता की बात तो सदैव हमारे उस तरफ बैठे हुए साथी करते रहे हैं, हम सब करते रहे हैं, तो पारदर्शिता के लिए भी यह आवश्यक है कि कम से कम उन चार दिनों का पूरा का पूरा खाका, जब उन्होंने तिरस्कार किया और जब उन्होंने अंगीकार किया, मैं उनका नाम नहीं लेना चाहता, क्योंकि इस सदन में वह अपने आपको डिफेंस करने के लिए नहीं हैं, यूटीआई के पूर्व चेयरमैन के अपने चार दिनों का जो पूरा लेख जोखा है उसके बारे में सीबीआई को पूरी जांच करनी चाहिए और जांच करके सदन को , देश को और देश की जनता को तथा उन हजारों करोड़ों निवेशकर्ताओं को, जिनका पैसा, जिनकी लागत डूब चुकी है या डूबने के कगार पर है, उनको बताना चाहिए। दूसरी बात, आदरणीय मनमोहन सिंह जी ने आंतरिक सूचना के आधार पर बड़े बड़े निवेशकर्ताओं के द्वारा यूटीआई से अपने आपको अलग करने की बात कही। यह आंतरिक सूचना जो है यह सिर्फ यूटीआई में नहीं, यह सब को परेशान कर रही है, आज तक सरकार ने इसके बारे में क्या किया , हालांकि जेपीसी के सदस्य होने के नाते मैं उस मंच पर भी यह मामला उठाऊंगा लेकिन बॉम्बे स्टॉक एक्सचेंज के अध्यक्ष उनके द्वारा दूरभाष पर जब संपर्क किया गया और जो सूचना उन्होने एकत्र की, उस सूचना को उन्होंने स्थानांतरित किया और उसके आधार पर पूरा बाजार गिरा। यह सब मामला एक दूसरे से जुड़ा हुआ है, एक मामला दूसरे मामले से जुड़ा हुआ है। मनमोहन सिंह जी ने एक अच्छी बात कही है कि यूटीआई इक्विटी बेस्ड फंड है और ज्यादा पैसा इसमें इक्विटी में रहता है । हुआ क्या कि ब्याज की दर घट गई और इक्विटी डूब गई और फलतःयूटीआई का जहाज भी डूब गया।

महोदय, अब यह कहना कि संयुक्त मोर्चा की सरकार के दौरान तत्कालीन वित्त मंत्री ने वित्त मंत्रालय के प्रतिनिधि को हटा लिया था, ठीक नहीं है। ठीक है, सयुंक्त मोर्चा की सरकार हमारी थी। परंतु अगर उस समय कोई गलती हुई है तो मैं कहता हूं कि चाहे हमारी सरकार हो, चाहे कांग्रेस की सरकार हो या आप की सरकार हो, आप जांच कीजिए और जो भी दोषी हो उसे सजा दीजिए। मैं यह मांग यहां रखता हूं, लेकिन यह कह देना काफी नहीं है कि संयुंक्त मोर्चा की सरकार के तत्कालीन वित्त मंत्री के क्रियाकलापों की वजह से वित्त मंत्रालय का नियंत्रण नहीं रहा।

महोदय, आदरणीय वित्त मंत्री जी पिछली जे.पी.सी. के सदस्य रहे और उन्होंने बहुत अच्छी बात कही कि हालांकि उस पर आप के हस्ताक्षर नहीं रहे, लेकिन आप उस से अपने आप को समाहित करते हैं। लेकिन मैं आप से पूछना चाहता हूं कि पहले स्केंडल के बाद आप दूसरे स्केंडल की प्रतीक्षा क्यों कर रहे थे? महोदय, भाई वेकैंया नायडू जी नाराज न हों, मैं बहुत आदर के साथ उन के सामने एक और तथ्य रखना चाहता हूं। महोदय, बी.पी.एल. और वीडियोकोन- ये व्यक्तियों के नाम न होकर कंपनियों के नाम हैं और आप ही की संस्था 'सेबी' ने जांच कर के इन दोनों कंपनियों के ऊपर यह आरोप लगाया है कि ये दोनो कंपनियां इनसाइड ट्रेडिंग व दूसरी तमाम अनियमितताओं में सम्मिलित हैं। लेकिन अभी हाल ही में इन में से एक कंपनी के मालिक को आई.डी.बी.आई. का निदेशक बना दिया गया। दूसरे को स्टेट बैंक ऑफ इंडिया के बोर्ड में निदेशक बना दिया गया जबकि आई.डी.बी.आई. यूटीआई को नियंत्रित करती है। मैं उन का नाम नहीं लूंगा क्योंकि वह यहां अपने आप को डिफेंड करने के लिए यहां नहीं हैं। इस तरह आर्थिक

भ्रष्टाचार करने के एवज में उन्हें पुरस्कार दे दिया गया। इस का क्या उत्तर है आप के पास? महोदय, मैं भी एस.बी.आई. के बोर्ड में डायरेक्टर रहा हूं और मैं कह सकता हूं कि वहां नियुक्ति से पहले तमाम जांच होती है, तमाम क्लिअरेंस होती है। तो या तो आप 'सैबी' को मत मानिये और कहिए कि 'सेबी' की रिपोर्ट गलत है, हम उसे नहीं मानते। अगर मानते हैं तो 'सेबी' जिस को आर्थिक अनियमितताओं का अपराधी मानती है, उस को आप कभी 'बाल्को' दे देते हैं, किसी को आई.डी.बी.आई. का निदेशक बना देते हैं और किसी को स्टेट बैंक ऑफ इंडिया का निदेशक बना देते हैं और दूसरी ओर आप दूरदर्शिता और स्वच्छ प्रशासन की बात भी करते हैं। तो यह क्या है और कब तक चलेगा? देश की करोड़ों जनता यह सब देख रही है।

महोदय, मुझे अपने मित्र भाई यशवंत सिन्हां जी से बहुत सहानुभूती है। लोक मोर्चा ने इन के इस्तीफे की मांग कर दी, ठेंगड़ी भी इन के इस्तीफे की मांग कर रहे हैं और सब इन के इस्तीफे की मांग कर रहे हैं, लेकिन मैं साफ तौर से व्यक्तिगत स्तर पर एक बात कहना चाहता हूं। मैं लोक मोर्चा के सदस्य और राजनीतिक कार्यकर्ता की हैसियत से नहीं बल्कि व्यक्तिगत तौर पर कहना चाहता हूं कि इस्तीफा इस रोग का निदान नहीं है, स्ट्रेटजिक फेलुअर का जो मुहावरा है वह भी इस रोग का निदान नहीं है बल्कि इस रोग का निदान यह है कि हम सब लोग राजनीति से ऊपर उठकर सोचें और जब आग लगती है तब बाल्टी लेकर दौड़ना बंद करें। चाहे वह कांग्रेस के समय में हुआ स्कैम हो या अभी का कोई स्कैम हो- हम सभी राजनीतिक दल के लोगों का यह कर्त्तव्य है कि इस रोग का स्थाई निदान ढूंढे और तीसरे किसी 'स्कैम' की प्रतीक्षा न करें। पहला 'स्कैम' हुआ हम मौन रहे और दूसरे स्कैम की प्रतीक्षा कर रहे हैं ताकि पहले स्कैम के लिए की गयी संस्तुतियों या सिफारिशों पर पालन कर सकें। इसलिए अब तीसरे स्कैम की प्रतीक्षा न करें। हम यह न करें। कि सदन शुरु होने से एक दिन पहले यूटीआई के चैयरमैन को गिरफ्तार कर लें। यह इस रोग का निदान नहीं है। यह तो व्हाइट वाशिंग है। आदरणीय डा.मनमोहन सिंह जी ने ठीक कहा कि आप कस्टम चीफ को गिरफ्तार कर लें, यूटीआई के चैयरमैन को गिरफ्तार कर लें, लेकिन दुनिया में हमारी साख क्या रहेगी? महोदय, या तो हम ऐसे लोगों को नियुक्त ही न करें और अगर करें तो नियुक्त करने से पहले ठोक बजाकर देख लें कि ये कौन लोग हैं, इन की पृष्ठभूमि क्या है ताकि नियुक्त करने के बाद उन को सीधे जेल न भेजना पड़े।

महोदय, मैं आदरणीय वित्त मंत्री जी के ध्यान में एक और मामला लाना चाहता हूं, हालांकि यह यूटीआई का मामला नहीं है। आई.एफ.सी.आई. को देख लीजिए, यह डिफॉल्ट कर गयी है। कई लोगों का पैसा लेकर आई एफ सी आई अब इस स्थिति मे नहीं है, इस हैसियत में नहीं है कि लोगों का पैसा वापिस कर दे। इस तरह दूसरा मामला आई एफ सी आई का मामला आएगा। फिर आई डी बी आई की रेटिंग भी नीचे हो गयी है और तब आई डी बी आई का मामला आएगा। एक के बाद एक मामला आएगा। मैं तो आपसे यह भी गुजारिश करुंगा कि आप बेशक पिछले दस सालों की सीबीआई से जांच कराएं, जब हमारी संयुक्त मोर्चा की या कांग्रेस की सरकार थी। यह कहना उचित नहीं है कि कांग्रेस की सरकार या संयुक्त मोर्चा की सरकार के समय में कुछ हुआ। अगर उस समय कुछ अनियमितताएं हुई तो अब तो आप ड्राइविंग सीट पर हैं, आप उन अनियमितताओं को दूर करिए। मैं आपसे अनुरोध करुंगा कि इस विषय को गंभीरता से लीजिए। जो ज्यादा निवेशकर्ता हैं, वे मध्यमवर्गीय निवेशकर्ता हैं और भाई संतोष बागडोदिया जी आपने ठीक कहा, आप इस समय सभापति की सीट पर

उपसभाध्यक्ष के रुप में आसीन हैं, लेकिन मैं क्षमा चाहते हुए आपसे कह रहा हूं कि उन छोटे और मध्यमवर्गीय निवेशकर्ता का क्या होगा, जिनकी बेटियों की शादी दो महीने बाद होने वाली है। यह ठीक है कि रामदास अग्रवाल और अमर सिंह जैसे लोग साल दो साल प्रतीक्षा कर सकते हैं लेकिन गरीब लोगों का क्या होगा। इसलिए आप उन गरीब लोगों के बारे में सोचिए, उन गरीब मध्यमवर्गीय निवेशकों के बारे में सोचिए।

बड़े आदर के साथ मैं कहना चाहता हूं कि इस मामले में मारेलिटी की बात न लाई जाए तो अच्छा है। आपने कहा कि सिर्फ कांग्रेस के लोगों ने ही मोरेलिटी दिखाई है- हवाई जहाज के ऐक्सिडेंट के समय श्री माधवराव सिंधिया ने और रेल के ऐक्सिडेंट के समय श्री लाल बहादुर शास्त्री ने, लेकिन मैं कहना चाहता हूं कि मारेलिटी का एक तकाजा यह भी था कि जब बाबरी मस्जिद की शहादत हुई तो आप लोगों में से कोई त्याग-पत्र दे देता, लेकिन किसी ने त्याग-पत्र नहीं दिया। इसलिए इस मुद्दे को मोरेलिटी में न घसीटें तो अच्छा है। इसमें नैतिकता से ज्यादा जरूरी बात यह है कि मध्यमवर्गीय निवेशकों को जो कमाई डूबी है, उसको हम जल्दी से जल्दी उबारने की चेष्टा करें। सरकार अगर यह कहे कि बजटरी प्रोविजन नहीं है तो यह भी सरकार के स्तर के अनुकूल बात नहीं है।

इतना कह कर मैं वित्त मंत्री और सरकार से निवेदन करुंगा इस आशा के साथ कि आप गरीब निवेशकों का ध्यान रखेंगे। इन्हीं शब्दों के साथ मैं अपनी बात समाप्त करता हूं। धन्यवाद।

SHRI KAPIL SIBAL : Mr. Vice-Chairman, I rise to participate in this short duration discussion on behalf of my Party. Before I start addressing the issue, I want to make four broad points. In this whole episode, I believe, the problems relating to this UTI, the maladministration, the malfunctioning, are not systemic. The solutions may be systemic, but the problems are not systemic.

The second point I want to make is--and I make bold to say this—that the UTI has never functioned as an independent set up. Indeed, it is not the culture of this Government to allow any institutions to function independently. The third broad point that I wish to make Is that these institutions are used to receiving directions, either subtly or directly, to move in a particular direction. And this is the root-cause of the problems that the ordinary investors in this country are facing. I remember the debate last time when the hon. Finance Minister was here. I remember the date, March ' 13, when we discussed the issue of the volatility of the stock market. I kept on saying on the floor of this House that there are institutions involved in this volatility. And the hon. Finance Minister, very seriously, said, "No, no, no. It is the free play of the market." Well, hon. Mr. Finance Minister, you have now seen the free play of the market. It is very unfortunate that this morning, the hon. Finance Minister said that the policy of the Government was to let the UTI function independently. Very surprisingl Because, in the

Deepak Parekh Committee, this was the recommendation. I quote: "US-64 is virtually proxy to public confidence in the Indian financial.system." That is the level to which the ordinary investor conceives of the UTI.

If the UTI failed, it means the Indian Financial System has failed, and Mr. Finance Minister, it is too late in the day for you to say that I have nothing to do with this. Nobody in this country is going to believe it. In fact, if you look at the enormity of the functioning of the UTI, it managed-- I am giving figures as of 30th June, 2000-75,000 crores of rupees. That is the i extent of its operation. You have, in all, 43 million investors. If I may say, in US-64 alone, you have 200 lakh investors, 20 million investors in U.S.-64 alone. Ninety per cent of the accounts in the UTI are held by individual householders, as Amar Singhji said, people who have to marry off their daughters, people who have earned pension over their lives, people who have made small savings over the years, widows and the people who depend on the returns of the UTI for their livelihood. I cannot say how the Finance Minister sits comfortably in the chair by making 20. million investors uncomfortable in their homes. Something in his conscience should prick him, and I hope, at the end of this session, and at the end of this debate, it does. In fact, Sir, when you come to the functioning of the UTI, I am going to give two examples. Some of them have been touched upon by my colleagues in this House. But I will give two examples. The first example is of that famous company, called Cyberspace Infosys Ltd. Its name was never Cyberspace Infosys Ltd. Its original name was, in fact, Century Interest International Finance Limited. It is a company that was, in fact, floated in 1994, and a public issue was made for Rs. 5.74 crores, and then it was on the Stock Exchange, BSE, MSE, UPSEC, Delhi Stock Exchange. It was listed on the Stock Exchange, and the Rnance Minister must be knowing that, at that time, the value of its share was 20/- rupees. I am talking of 1999. In 1999, the value of its share was 20/- rupees, and when the UTI bought shares, invested in this company, at what price did it purchase? It purchased at Rs. 800/-! And what is the value of the stock today? Rs. 2/-or Rs. 1/-. Now, if you call this free play of the market, if you say that this is how the country's prime financial institutions, whose fate is linked to the financial system of this country will function, if you, as Finance Minister, says that this is how we will allow the UTI to function, then God save this country. And what is even more interesting is that Mr. Johri got within his fold, a stock broker, whose name is also known to the hon. Finance Minister. His name is Rakesh Mehta, and Rakesh Mehta is in-charge of the Security Reconnisance, and Nilotpalji rightly said that even though the UTI

Chairman on July 17th said that he is not going to purchase the shares of this company, by July 21st the decision had changed. Am I to believe that Mr. Rakesh Mehta was so powerful that he could change the mind of the Chairman of the UTI? Am I to believe that? Something must have happened.

We- know that these people belong to the same place, Mr. Johri and Mr. Mehta, and we also know that a person heading a very prime regulatory authority also belongs to the same place. We know that. I am not saying it from my personal knowledge; this has been written about in the newspapers.

We also know another very interesting thing, that this Mr. Arvind Johri is alleged to have, in fact, siphoned off the funds from the Classic Cooperative Bank in UP. and used NBFC funds to persuade small investors to invest. And this very Arvind Johri has a joint venture. With whom? With the U.P. Electrical Corporation, a public sector undertaking! To do what? To build an information technology park called Cybertron Technopolis which was inaugurated in the presence of the then Governor of U.P., the then Chief Minister of U.P. and the hon. Prime Minister of Indial

In these facts, can any ordinary person, applying his mind, ever say that the decision of: the UTI to purchase, in the year 2000, a stock which, in 1999, was Rs.20/-, at Rs.800/- with this bonhomie going on with the RSS in U.P. this club which my hon. colleague has just mentioned, was that of an independent operator? Can anybody believe that? And who is investigating it? You told us that in the fodder scam, Mr. laloo Yadav entered into a conspiracy because others had defalcated funds, and if this is the extent of defalcation, why can't people in this country say who the other conspirators involved are? It is time for us to rise above petty politics, as Amar Singh said, and look into ourselves and see. whether we will be, in fact, conveying to the nation and telling them the truth on these issues.

Having said that, I will give you another example of another company, another UTI investor. That is nearer home. Nearer home. Why? Because that happened, on the 9th of March, 2001 when somebody wanted to bail out DSQ because there was going to be a default in the Calcutta Stock Exchange. On March 9, 2001, the UTI--it is very interesting-purchased 13,30,000 shares of DSQ directly from the Calcutta Stock Exchange, and purchased them for a bail out to the Calcutta Stock Exchange so that there should be no default of the Exchange! And the rationale for it was that we are investing these shares at a discounted price! In other words, the market price was a little more, but we are purchasing it

at a discounted price. So, on March 9, 2001, the discounted price was Rs. 189/-. That very discounted price is Rs.90/- today. So, for the Rs.25 crores that UTI invested on March 9, 2001, it has already lost Rs. 12.5 crores in one single transaction! And this UTI is a market managerl It plays around with 75,000 croresl This UTI has specialist evaluators who evaluate the worth of the Company and the worth of the stock! This UTI has those evaluators who recommend to the Chairman as to what the worth of that stock is, and these evaluators did not realise that they were playing with the money of ordinary investors, and that the value of the stock in 20 days from then would not be Rs. 189/-! Who was responsible for this? And can you ever imagine that these decisions were taken independently?

Nobody will believe that. What is more important is the time when, on 9th March, 13,30,000 shares were bought by the UTI, it had already got 56 lakh shares. It had already in its possession 56 lakh shares at an average price of Rs.2,000 per share. It tried to offload them in January and February, 2001. It tried to offload some of the shares. As of today, the UTI still owns 23.7 lakh shares at an average price of Rs.760 per share and the market price of those shares today is Rs.90 per share. Tell me, are these independent, arms-length, transactions? Can anybody believe that the UTI would do so, unless a phone call went from somewhere? There has to be an investigation into that. But, how can that investigation take place, if the Finance Minister continues to hold that portfolio? In the interest of transparency, in the interest of accountability, in the interest of the principles on which this Government stands, it is time for the hon. Minister to go.

Having said that, let us talk about the recommendations of the Deepak Parekh Committee. This morning we heard that the Deepak Parekh Committee recommendations were there and they were going to implement them. They could not implement some of them because the time was short. Well, the Deepak Parekh Committee recommendations were there. Why couldn't you implement them? One of the recommendations was that the investment procedures within the UTI are not transparent and, therefore, what should be set up should be an asset management company independent of the UTI. What does that mean? That means an asset management company will be a professional company that will give professional advice based on the fundamentals of a particular stock. Nothing prevented you from implementing those recommendations from the date of the report of the Deepak Panekh Committee till now. Nothing stood In the way. But you didn't do that. Why? The reason is simple.

When the hustings were on, the stock market represented the feel-good factor of Mr. Vajpayee. Why should you think of the role the UTI and other institutions were playing? Because there was the feel-good factor. Everybody was delighted the way in which your party was coming to power and the market was ecstatic. That is why you did not want to interfere. You want to take political advantage. Politics and investments are interrelated as far as the NDA is concerned.

SHRI T.N. CHATURVEDI: You just remember the Mundra case. You know better. ...*(Interruptions)*...

SHRI KAPIL SIBAL: You may fault us. Please don't follow us. ...*(Interruptions)*...

SHRI RAVI SHANKAR PRASAD (Bihar): At least, you admit that. ...*(Interruptions)*...

SHRI KAPIL SIBAL: You may fault us. Please don't follow us. ...*(Interruptions)*... We are humble enough to admit our mistakes. Be humble to admit yours.

Therefore, why was not there an asset management company? That was one of the recommendations of the Deepak Parekh Committee. The other recommendation was that this US-64 should be a net asset valuation-driven scheme. I want to explain that. What does it mean? What does this net asset valuation-driven scheme mean? You take all the assets of the company, minus all the liabilities, divide by the number of shares. That is what it means. That will give you the true value of the share. But what was the UTI doing over the years? This is also a moral issue. The UTI was declaring dividends and if the actual value of the share was, say, Rs.10, it was saying that the repurchase price of that share would be Rs.14, which was not the actual value. So, the incoming investor was purchasing a share with a value of Rs. 10 at Rs.14.

Which is now the true value of the share. It was calculated. The UTI, in fact, plays with Rs. 75,000 crores. So, the UTI determines the market. This "is another recommendation. What were the steps taken to make it a net asset valuation-driven scheme? No steps were taken. Then another recommendation was to reduce the equity investment of the scheme from 67 per cent to 40 per cent. These recommendations were made much earlier and at that time the equity investment of the UTI was 67 per cent of its total investment. The Deepak Parekh Committee said,

"Reduce it to 40 per cent". What did they do? The extent of equity investment was 67 per cent which has probably gone up to 74 per cent today. In fact, it was the reverse. You cannot say today that we did not have time. You never wanted to do it because you knew that the stock market was booming. As long as the stock market booms, you can take political advantage out" of it. You were giving directions subtly and directly to all these institutions to help your friends like Johari. That is what has happened. It is on this issue that we want the resignation of the Finance Minister. The other recommendation was that there must be strategic sales because the UTI was holding stocks in several companies, in fact, in 1500 companies. You must have strategic sales. This was the recommendation of the Deepak Parekh Committee. The recommendation was, have strategic sales of the stocks which you are holding in various companies and find out strategic investors. You are doing it in disinvestment. You are finding strategic partners in disinvestment. Aren't you? We are told everyday that if we get strategic partners, it will be good for the country. Why did not you find strategic partners here? You never intended to do it. Mr. Subramanyam was working at your instance. But he was handed over to the CBI because the time was right to put the blame on him. Sir, that is not an honourable thing for the Government to do. Sir, there are a couple of more things that I want to mention. As I said, the individual investors account for 90 per cent of all the investors in the UTI and 65 per cent of the capital of UTI schemes comes from these individual investors. Basically, you are dealing with really ordinary people. Therefore, you cannot afford it. Rightly, in 1998 you bailed them out. You bailed the UTI out because these were ordinary people. You do not leave them in the lurch. As Dr. Manmohan Singh has said, It is the responsibility of the Government. In fact, more than 50 per cent of the funds of the UTI are invested in equity and the equity investment is around Rs. 35,000 crores. This morning the hon. Finance Minister in reply to a question said, "The UTI should really be investing in debt instruments because that is a surer method of return. It is safer and it is surer." He is right. If you look at the facts as to the kind of debt instruments in which the UTI has invested in the past, the facts are absolutely shocking. I will give you some examples. These are some of the debt instruments in which they have invested. Take for example, non-convertible debentures. They had invested in December, 1998 in a company called Welspun which was declared as a defaulter by the RBI. परिवार की हम बात नहीं करना चाहते। उनको सब मालूम है। हम काहे को बात करें?

From Welspun, which has been declared as a defaulter by the RBI, they had bought non-convertible debentures to the extent of Rs.20 crores in December, 1998. In February 1999, this very group, the UTI, bought optional FCDs for another Rs. 15 crores from Welspun. Again, in July 1999, in Ispat, -- its investment grade was declared bad -- they invested Rs.100 crores. As you know, the market was moving up and it reached its peak sometime in February, 2000. So, this was the picking up of the market. Then, again, in Ganesh Benzoplast -- which is also down-graded -- it is called the Sub-Investment Grade; that is the technical term for it -- in November, 1999, the UTI invested Rs.25 crores. Then, in Mukund, which has BB (Sub-investment) Grade, the UTI has invested in non-convertible debentures to the extent of Rs.35 crores. From Hy-Grade Pellets, which is an Essar Group company, the UTI has bought non-convertible debentures to the extent of Rs.200 crores. Now, do you want to tell me that all these decisions were taken independent of the Government? Would anybody believe it? And, in August 1999, the UTI invested Rs. 15 crores in Shonkh Technologies, which is a non-existent company now. The point that I am making is: Is it all right for the UTI to make these bad investments? What is the effect of that? The effect of it is that the reserves of the UTI are finished, and the investors, who expected a return of Rs.14 per unit on a 10 rupee per unit share, are getting less than Rs. 10 today. So, ultimately, you are actually benefiting the rich, who are robbing the ordinary people of this country. That has always been your policy.

While you presented the Budget, you told us that the industry and the big business houses have promised to give you returns to the extent of nine out of ten. But, today, it is zero out of ten. That is the result of this kind of policies. Let the corporators answer now. If you look at the growth rate, there is a negative rate of industrial growth; the employment growth is negative; the GDP is five per cent. And, what has happened to the nine out of ten that you have expected? This has not been answered. The hon. Minister was saying this morning that the UTI should be investing in debt rather than equity. This is the debt. It will go in debt. That is what will happen to the UTI.

And, I would like to place one more fact for the record of this House. Now, why was it called US-64? It is because this scheme was floated in 1964. Till 1987, there were no other mutual funds in this country, excepting the UTI's fund. It was only after 1987 that some mutual funds were launched. And, from 1964 to 1998, there were no problems for the

UTI. What happened suddenly in 1998? Either, that the UTI was managed very well before, and it has been badly managed suddenly, after 30 years of experience, or, there is more to it than poor management, than the arrest of Mr. Subramanyam.

I think a time has come in this country when all of us must take responsibility. The buck must stop somewhere, not at ordinary millions, the people who will swarm when you come before them. We know how these bureaucrats behave. *(Time-Be//).* I will not take much time, Sir.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): You have already taken much time. ...*(Interruptions)*...

SOME HON. MEMBERS: This is a very important aspect, Sir. (Interruptions)

**श्री नीलोत्पल बसु**: अच्छा बोल रहे हैं ...(व्यवधान)...

**श्री राजू परमार** (गुजरात): अच्छा बोल रहे हैं ...(**व्यवधान**)...

**श्री नीलोत्पल बसु**: अच्छी डिबेट चल रही थी ...(**व्यवधान**)...

THE VICE-CHAIRMAN: If you want it, let him continue. ...*Interruptions)*...

SHRI KAPIL SIBAL: You see, we are talking about 20 million investors. ...*(Interruptions)*... Now, Sir, I want to point out another thing because this US-64 is a great drain on the public exchequer. Big drain! Why? I just demonstrate that. If you look at the past, the year 1995-96, for example, the sale price of US-64 share in 1995-96 was Rs. 15.00; in 1996-97, it was Rs. 14.00; in 1997-98, it was Rs. 14.00; in 1998-99, it was Rs. 14.00; and in 1999, it was Rs. 13.50. Now, all this is all right. But the value of the share was going down after 1998, based on NAV. Now, what happens is, if you are selling it at Rs. 13.00, and somebody is buying it at Rs. 13.00, and the true value is Rs. 10.00, then you are giving money to people, while that money should, in fact, be for the ordinary investor. You are, in fact, cheating that ordinary investor of Rs. 3.00. That is what you are doing. That is not moral from any standards. And that's what has been happening all throughout. In fact, in 1999, as you know, the US-64 was on the brink of collapse. At that time, the NAV had fallen below Rs. 10.00. Therefore, you bailed out, and you gave Rs. 3,300 crores at that time. That is a matter of history. I don't want to go into that now. But the point today is, if you are going to continue to make investments on

this basis, on the basis of in-house research, then you are putting the entire scheme in jeopardy. So, it is time there is a complete restructuring of US-64. In fact, there has been a falling-rate scenario which has also motivated small investors to flock to US-64, as it provides an attractive wheel. The point is that, interest rates, throughout, are falling. You know, if you go to a bank today, you get 5%, 6%, 7%. So, people say, "Why should we go to the bank. We better buy US-64. We better go to UTI because we are going to get a higher interest rate". There also, you are fooling them because the real value is much less than what the repurchase price is. And, they are all flocking. In fact, if you know, and this is a figure which is very interesting, UTI has registered fresh sales of Rs. 2,550 crores, with more than 2.65 lakh new holders joining the scheme in the first nine months ending March, 2001. Can you imagine? And, why are they doing it? It is because the Government is telling them, "You are going to get Rs.13/- or Rs. 14/- plus Income-tax benefits; that in other institutions you don't get that rate of interest; even in banks, you don't get that rate of interest". So, in fact, the Government and the UTI are alluring people, based on false facts, to invest in UTI and then come up with a package saying that we can't pay you back because we are going to stop all repurchase for six months. Now, this is a very serious matter, Sir. In fact, an investor who exits from the scheme, gets a repurchase price of Rs.14/-, against an estimated NAV which is less than Rs.10/-. On the other hand, the investor who enters the scheme at a sale price of Rs.14.25, is forced to pay a premium. Why should he pay Rs.14.25 for a unit which is worth less than ten rupees - and now seven rupees?

Now it is seven rupees. Sir, these are some of the very serious issues that arise for consideration. Now, Sir, having said all that, there is another very major point before me. I have not talked about the Ketan Stock here. What was happening to the Ketan Stock? Why was UTI investing in the Ketan Stock? I would give you some figures because it is important to place it on record. I first take the HFCL. The UTI held around one crore shares of HFCL at the end of March. Its average acquisition price was over thousand rupees in the last*twenty months. End of March means, March, 2001. So, its average price was thousand rupees in the last 20 months. What is the price of that share today? ...*Interruptions)*... No, It Is Rs. 156. May be, it is going down further. By, the time I calculate... ...*(Interruptions)*...

MISS MABEL REBELLO (Madhya Pradesh): It is sixty.

SHRI KARL SIBAL: Bought at thousand, priced today at sixty. Now, why would the UTI buy HFCL share for thousand rupees, when the fundamentals say that its real value is not thousand. That is the question to be asked. Why would it do it unless somebody has told it, "We want to pick up the market. You have the funds. We will ask other financial institutions to cooperate. Don't worry about it. Pick up the market."

I would give another example of Zee Telefilms. The UTI held 1.5 crore shares of Zee Telefilms in the last 20 months; and in January, 2000 alone, it picked up Rs. 90 crores worth of stock and continued to be the big net buyer for the next few months, even though the prices were dropping rapidly.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Mr. Sibal, please conclude.

SHRI KAPIL SIBAL: Now it is going to be five o'clock. Let me speak up to 5. Nobody else can start in seven minutes. ...*{Interruptions)...*

THE VICE-CHAIRMAN(SHRI SANTOSH BAGRODIA): I know there was a popular demand that they wanted to listen to him. That is why I tolerated.

SHRI KAPIL SIBAL: Only five minutes, Sir.

SHRI M. VENKAIAH NAIDU : There was a popular demand from the audience, from outside?

THE VICE-CHAIRMAN. (SHRI SANTOSH BAGRODIA) : There was a popular demand from the Members.

SHRI M. VENKAIAH NAIDU: We are also a part of the House. ...*Interruptions)...*

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Yes; you are a part of the House. .'..*(Intenvptions)...*

SHRI M. VENKAIAH NAIDU: How much time he has taken?

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Mr. Naidu, when the Opposition wants to say something, we should not... ...*ilntenvptions)...*

SHRI M. VENKAIAH NAIDU: We have no objection, but there is the time factor. Same thing has to be given to all the Members.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): I tell you one thing. Every Member has taken more time than what was allotted to him. ...*(Interruptions)*...

SHRI M. VENKAIAH NAIDU: I am not questioning you, Sir.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Then, what "are you questioning? ...*(Interruptions)*...

SHRI M. VENKAIAH NAIDU: My point is, time has been fixed by the Chairman. ...*(Interruptions)*...

SHRI JIBON ROY: You are capable of answering all these questions.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA):: Let me hear what he wants to say. ...*(Interruptions)*...

SHRI NILOTPAL BASU: Mr. Venkaiah Naidu is raising this point that when we discussed...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): You have heard his point, but I have not. Let me hear what he wants to say. ...*(Interruptions)*...

SHRI NILOTPAL BASU: ...this is going to be the first item on the agenda because this is agitating the minds of the people all over the country. Therefore, if he is making certain pertinent points, he should be allowed. The question is, he is not talking irrelevant things. We will also. the opportunity to hear the reply of the Finance Minister at length, rebuilding all these points.

SHRI KAPIL SIBAL: Sir, I am placing some relevant facts on the record. I was mentioning about Zee Telefilms. It purchased 32 lakh shares, *i.e.,* the UTI purchased 32 lakh shares for Rs. 156 crores, at what price? It was Rs.490 per share. What is the price of a share of Zee Telefilms today? It is Rs.70 per share! Purchased at Rs.490. There are companies after companies of these Ketan Stock.

Now, I give you another example of Global Tele Systems. I am referring to the SEBI Report which shows that the UTI held 43 lakh shares in March, 2001. In May, 2000, it acquired 12 lakh shares at an average price of Rs. 1,600 per share. In March, 2001, the UTI turned bullish on this scrip and acquired 1.7 lakh shares, at Rs.259 per share. What is the price of one

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share today? Less than Rs.100; bought at Rs. 1600. यह किस का पैसा है? यह उन्ही का पैसा है जिन्होने यू.टी. आई. को दिया है वह छोटे लोग ...*(Interruptions)*... Ultimately, the hon. Finance Minister, in all seriousness, this morning, said, "We will let them function independently.

**श्री दीपांकर मुखर्जी**: यह वी.आर.एस का पैसा है। वी.आर.एस. कराते हैं, वही पैसा लोग फिर इनको देते हैं।

SHRI KAPIL SIBAL : That is why, Amar Singh ji said, there are scams and they are caught. This is the second. There is one in the offing, on which also, I can tell the hon. Finance Minister, we will have a debate on it in a few months' time. It is about the scam that is occurring in Mauritius on how the money is being routed. Anyway, that is not the subject today. I am only saying that the Finance Minister, the Government of India, is not ignorant about it. In fact, they have the figures, better than what I do. To say that for the last two years, you didn't know how the stock market was functioning, you did not know how the UTI and others were investing in Ketan stocks, you didn't know who were buying at various prices, at the cost of ordinary investors, these answers will not satisfy anyone. Nobody is going to believe you. What is its impact on the reserves of the UTI? May I tell you that, Sir?

According to UTI's half-yearly published statements, 10 of its 22 monthly income plans have negative reserves, totalling Rs.433 crores. In other words, on a monthly basis, you get a certain amount of interest, on the basis of which you run your household; but 10 of those 22 have negative reserves. Am I to believe that this was not in the knowledge of the Finance Minister? The hon. Finance Minister knows that when we raised this issue of UTI, the Chairman of SEBI said, "We don't regulate US-64." Why? "Because, US-64 came into operation much before SEBI regulations came into operation in 1992. SEBI regulations came in 1992 and how can we regulate your US-64 which was there in 1964? So, we don't regulate US-64." The Finance Minister says, he knows nothing about US-64. Then, who is taking care of US-64, which represents, according to the Deepak Parekh Committee, the financial system of this country? We want to ask this question to the hon. Finance Minister: Who was looking after US-64 during this period of time? Who is responsible for not looking after it?

in law, there are acts of commission and there are acts of omission. If you give the benefit of doubt, maybe, you have not committed an act of commission, but, certainly, it is an act of serious omission, for

which the responsibility will have to be taken. In fact, this Rs.433 crores will wipe out one-third of the Trust's development reserve fund of Rs. 1,223 crores, as on December 31, 2000. The UTI came out with a reduced annual rate of dividend of 5% for the coming year in two of its plans, namely, MRP-95 and MRP-96, in the beginning of May, 2001. That is why, if you remember, one of the reasons given by UTI was, it can't handle this any more. The Chairman of UTI had said, "We can't handle this any more. We will have to stop trading in this. We can't create our reserves. We will go bankrupt. We will have nothing to dole out to anybody, so you please help us." The hon. Finance Minister has rightly said, "We learnt about it on the morning of 2nd July." Of course, his Secretary knew about it on the 30th of June. There is a difference between the Secretary and the Finance Minister. It means, either the Secretary doesn't represent the Government of India or the Finance Minister doesn't represent the Government of India. If the Secretary knew about it, he knew about it. Why was this not stopped on July 2? Let me tell you yet another aspect which concerns me even more, Sir. Now, they say, on July 15, "anybody who wants to sell, we will buy at Rs.10." Yes. ...*(Interruptions)*... *That* means any investment up to Rs.30,000 because the value of per unit is Rs.10. So if there are 3000 units, the value is Rs.30,000. ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Kapiiji, you can make your last statement because it is already five o' clock and I have to adjourn the House.

SHRI KAPIL SIBAL: Sir, I have already done it...*interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Otherwise I will have to take the sense of the House. ...*interruptions)*...

SHRI KAPIL SIBAL: Sir, I have finished. . ..(Interruptions).. It is just the last thing I am saying. ...*interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA) : You can make your last sentence. ...*interruptions)*...

SHRI KAPIL SIBAL: Sir, I am making my last statement. ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): No, the last sentence. ..*(Interruptions)*...